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IN THE

Supreme Court of the United States

OCTOBER TERM 1991

ALTRAN CORPORATION,
Petitioner,

v.

FORD MOTOR COMPANY
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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QUESTIONS PRESENTED FOR REVIEW

1. Whether the Court of Appeals failed to give effect to the purpose and meaning of the antitrust divestiture order affirmed by this Court in *Ford Motor Company v. United States*, 405 U.S. 562 (1972) by construing the order without considering its purpose or grammatical structure.

2. Whether the second clause of the Seventh Amendment permits a federal Court of Appeals to reverse the denial of a motion for a new trial and vacate a jury's verdict solely on the basis of the weight of the evidence, because it doubts the credibility of witnesses, who supported the jury's verdict, draws inferences against the party that won the verdict and concludes that the jury should have given more weight to the evidence adverse to its verdict.

3. Whether a party may perfect a motion for a new trial and toll the time for filing a notice of appeal when it serves only one of several opposing parties within the time required by Rule 59.

STATEMENT UNDER RULE 28.1

Altran Corporation is a closely held corporation. It has no subsidiaries.

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OPINIONS BELOW

The Court of Appeals in this case is reported at 930 F.2d 277 (3rd Cir. 1991). The District Court opinions dismissing the counterclaim and certain defenses of petitioner Altran Corp., and denying the motion of respondent Ford Motor Company for a new trial, are not reported. They are included in the Appendix at 1d and 1c respectively.

JURISDICTION OF THIS COURT

The jurisdiction of this Court rests on 28 U.S.C. Section 1254. The Court of Appeals for the Third Circuit filed its opinion on April 8, 1991. A timely motion for rehearing was denied on May 13, 1991 with two judges dissenting. A stay of the mandate was granted until August 11, 1991.

CONSTITUTIONAL PROVISIONS AND RULES INVOLVED IN THIS CASE

Seventh Amendment (Second Clause)

> . . . [N]o fact tried by a jury shall be otherwise reexamined in any court of the United States than according to the rules of common law.

Federal Rules of Appellate Procedure 4(a)(4):

> If a timely motion under the Federal Rules of Civil Procedure is filed in the district court by any party . . . (iv) under Rule 59 for a new trial, the time for appeal for all parties shall run from the entry of the order denying a new trial . . . .

Federal Rules of Civil Procedure 59(b):

> Time for Motion. A motion for a new trial shall be served not later than 10 days after the entry of the judgment.

Federal Rules of Civil Procedure 5(a) (Service: When Required):

> [E]very written motion . . . shall be served on each of the parties.

Federal Rules of Civil Procedure 6(b) (Enlargement):

> [T]he Court may not extend the time for taking any action under . . . [Rule] 59(b) except to the extent and under the conditions stated in [it].

STATEMENT OF THE CASE

This case arises from a suit for copyright and trademark infringement originally brought by Ford Motor Company ("Ford") against Summit Motor Products ("Summit"), a company competing with Ford in the aftermarket for automobile parts. Ford claimed that Summit was using a design of a speeding car on its packaging in violation of Ford's copyrights and unregistered trademark. Ford later added petitioner Altran Corporation ("Altran") a transmission parts company as a defendant alleging that Altran had supplied Summit with plastic packaging bearing the speeding car design at issue. Altran sought to defend on the grounds that Ford had no legal right to enforce any claims in the speeding car design (known as the "ghosted GT"). Altran maintained that Ford had adopted the ghosted GT as an addition to the Autolite trademark, but that it had violated the antitrust laws by its acquisition of Autolite and had been required to divest the Autolite trademark and all additions thereto, including the ghosted GT. Altran also filed a counterclaim against Ford under RICO, asserting that Ford had fraudulently concealed its wrongful retention of the ghosted GT, and had falsely claimed rights to the ghosted GT design.

The district court sdismissed Altran's RICO counterclaim and struck its defense based on Ford's retention of the ghosted GT. Ford's case against Altran was then tried by a jury, which rendered a verdict in favor of Altran. The district court heard Ford's motion for a new trial over Altran's objection that the motion had been improperly served, but denied the motion and let the jury's verdict stand. The Court of Appeals affirmed the district court's dismissal of Altran's counterclaim. However, it reversed the district court's denial of Ford's motion for a new trial and remanded the matter for a new trial.

The issues before this Court include whether Ford was entitled to retain the additions it had made to its illegally

acquired Autolite trademark, whether the Court of Appeals could properly reweigh the trial evidence and reverse the trial court's denial of Ford's motion for a new trial, and whether Ford's motion for a new trial was properly served.

A. Background Facts

Ford acquired the name and trademark "Autolite" and production facilities for spark plugs and batteries from Electric Autolite in 1961. In the same year the Justice Department filed a suit seeking divestiture. In 1968, after a trial, the acquisition was found to have violated §7 of the Clayton Act. *United States v. Ford Motor Company*, 286 F. Supp. 407 (E.D. Mich. 1968) *aff'd*, 405 U.S. 562 (1972).

In 1967, Ford copyrighted a design of a blurred speeding car (the "ghosted GT" showing a speeding car with the name "Autolite" and referred to by Ford as the Autolite Performance Symbol). Ford's purpose was to add the ghosted GT to the Autolite name to associate the good will of the "Autolite" trademark with the ghosted GT. (a trademark is merely a symbol of goodwill) If it was later required to divest "Autolite," it would retain Autolite goodwill by using the ghosted GT as a bridge to transfer that goodwill to a new trademark Motorcraft. (4a) After it was found liable, Ford added the ghosted GT to the "Autolite" name on packaging and in advertisements, and was therefore prepared to substitute "Motorcraft" for "Autolite" with the ghosted GT, when its divestiture was affirmed by this Court.



To remedy Ford's violation of the antitrust law, the district court entered an order requiring Ford to divest. In pertinent part, the order provided:

> No later than eighteen (18) months after this Judgment is not subject to further appeal, Ford shall divest itself of *all of its interest in the tradename and trademark "Autolite"* and all of its facilities in the United States for the production of automotive batteries and spark plugs, except a battery plant located at Shreveport, Louisiana. Said production facilities shall be divested in going, viable and operating condition.
>
> The assets to be divested shall include the *tradename and trademark "Autolite"* and the spark plug and battery production facilities which were acquired from the Electric Autolite Company by Ford in 1961, and all *improvements, betterments, replacements and additions made thereto by Ford* since such acquisition up to the date of the divestiture.

1971 Trade Cas. (CCH) ¶73, 445 (1970). (emphasis supplied).

Before the order was entered, Ford objected to its wording. Ford sought to limit the phrase regarding the improvements, betterments, replacements and additions to those made to the "factory and plant" alone. Its order would then have permitted it to keep additions it made to the Autolite tradename and trademark. The district court refused to make that change. (2g-3g)

Ford appealed to this Court objecting to other provisions of the divestiture of the decree. This Court rejected Ford's arguments, holding that relief to be accorded under the Clayton Act must *"eliminate the effects* of the acquisition" 405 U.S. at 573 n.8 (quoting *United States v. DuPont*, 353 U.S. 586, 607) (emphasis in original Ford opinion).

Ford did not divest the ghosted GT. Instead, the divestiture agreements it submitted to the Justice Department for review concealed the fact that Ford had used the ghosted GT

as an addition to the Autolite trademark and tradename. The agreements (1) listed all of Ford's Autolite trademarks except the ghosted GT (11e-12e); (2) did not disclose any Autolite copyrights, despite the fact that Ford had obtained two copyrights showing the ghosted GT and AUTOLITE (6e), (the copyrights Ford used in the present suit): and (3) blacked out the picture of the ghosted GT from the section of the agreement showing the new packaging (25a).

Instead of divesting the ghosted GT, Ford substituted the word Motorcraft for the word Autolite in the logo with the ghosted GT and thereby retained goodwill derived from the Autolite name and trademark.

B. Pretrial Proceedings in the District Court

In 1984, Ford sued Summit Motor Products Corp. ("Summit") for copyright and trademark violations allegedly arising from Summit's sale of automobile parts using a racing car design on packaging. The district court's jurisdiction was based on 28 U.S.C. §1338(a) and (b), providing direct and pendent jurisdiction for copyright and trademark claims. The district court also had diversity jurisdiction under 28 U.S.C. §1332(a). Ford had originally alleged that the case involved the sale of counterfeit automobile parts, as well as infringing packaging. When it was determined that there were no counterfeit parts, Ford was ordered to return the parts it had seized from Summit (JA5).[1] Ford then added as defendants two packaging companies that supplied Summit with packaging. Ford later added Altran, a small company whose only business is selling transmission parts in packaging bearing its own name, believing it was in the plastic bag business.

Ford then added a new claim that Altran had violated Ford's claimed copyright and trademark by distributing prepackaged specialized transmission parts made and packaged by Transgo years before the claim was added. Transgo is

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[1] Ja refers to the joint appendix filed with the Court of Appeals.

a worldwide manufacturer and supplier of high performance parts used to change the feel of transmission performance. The Transgo box showed a blurred speeding car, together with Transgo's registered trademarks, "SHIFT KIT" and "SK" (now incontestable). Transgo had sold its transmission performance kit in the same box to customers located throughout the United States from 1967 to 1981 (JA1280-1). Ford did not make such a product and had never made a claim of copyright or trademark infringement against Transgo and had advised Transgo it would not (JA1310-11).

Altran filed a counterclaim under RICO, alleging that Ford had fraudulently concealed its unlawful retention of the ghosted GT, and had fraudulently brought numerous copyright and trademark infringement claims based on the ghosted GT. Ford moved to dismiss the counterclaim under Rule 12(b)(6) of the Federal Rules of Civil Procedure. The district court considered evidence beyond the pleadings, but did not convert the motion to one for summary judgment. It granted Ford's motion to dismiss the counterclaim. Altran also sought to raise Ford's retention of the ghosted GT as a defense at trial. The district court barred use of that defense.

C. The Evidence and Proceedings at Trial

When the case was reached for trial, the original defendants and another added defendant chose not to participate, believing they could conclude a settlement with Ford. Altran defended its case to a jury contending that (1) Ford had not complied with the formalities of the copyright law because it had not affixed the copyright symbol to the ghosted GT design; (2) Gil Younger, the president of Transgo, had created his version of the speeding car design before Ford and independently of Ford (JA1281); (3) the ghosted GT was a commonly used design of a car and had not obtained secondary meaning as an indicator of Ford parts; (4) the speeding car design on the Transgo boxes, together with Transgo's SK and SHIFT KIT trademarks, did not create a likelihood of confusion between Transgo and Ford; and (5) Altran had made a

one time gift of some discarded bags for Summit for use only in testing a package sealing machine.

On the issue of compliance with the formalities of the copyright law, Ford's witness, who had been out of the country for 17 years and had no personal knowledge that Ford had affixed the notice, offered an opinion that Ford had a policy of affixing the copyright notice to the ghosted GT (Sa-I 22, Sa-II 202) and his belief that it had done so. Ford did not introduce any of the usual evidence of copyright notice, such as packaging, price lists, advertisements, or other physical evidence showing the copyright notice. Altran introduced into evidence hundreds of Ford's pictures of the ghosted GT in parts catalogues, price lists, and packaging, all without the copyright symbol, and introduced evidence that these were examples of millions of similar publications without the notice made throughout the life of the GT. (39a)

On the issue of whether the speeding car picture on the Transgo boxes had an independent origin, Altran introduced the testimony of Gil Younger, the president of Transgo. Mr. Younger testified that he had taken the speeding car design from a poster that had been hanging on his wall for many years in the early sixties depicting a speeding car of his friend, the race car driver Mickey Thompson (JA1287, 1350-55). He told the jury that he had checked the poster for copyright registration marks but had found none (JA1356). At one point he thought the poster could have been from Autolite or Goodyear, but later testified that it was not so, it was from Goodyear. (JA1386) He testified that he began to use the design on his packages in 1967 (JA1280) and Transgo packages produced in that year were introduced into evidence (JA1280). Ford's copyright registration for the Autolite ghosted GT, introduced into evidence, indicated that Ford claimed to have first published the design in 1967 (JA38), but Ford did not produce any evidence of what that publication was. The only physical evidence of Ford's use was from 1969 (JA2155).

Ford also offered an affidavit in evidence as to origination of the ghosted GT. The trial court refused to admit it. (JA1507)

Turning to the trademark issues, witnesses at trial testified that the speeding car design, considered by itself and without the Autolite or Motorcraft mark and part numbers, did not connote or indicate Ford parts. (JA1199-1263) Witnesses from the car transmission and repair business explained to the jury that they bought Transgo parts on the basis of the trademarks SK and SHIFT KIT and the car design meant nothing to them. Ford parts men similarly said that Ford parts always had a Ford name or a Ford part number shown together with the car design. The car design by itself meant nothing without the Ford name. They testified that they knew of no confusion between the Transgo SHIFT KIT boxes with its speeding car design and Ford's products. A witness for Ford testified that some dealers had returned parts to Ford in packaging bearing a speeding car design in order to obtain a rebate, when the parts were not Ford parts, but there was no testimony that any SHIFT KIT boxes had been returned to Ford. Ford's answers to interrogatories were introduced admitting that Ford knew of no confusion between Ford packaging and the SHIFT KIT boxes or the plastic bags. (JA1478) No witnesses testified as to actual confusion or likelihood of confusion among the general public.

Ford had originally added Altran as a defendant because a witness from Summit, the original defendant, said that he thought Altran had supplied plastic bags with the ghosted GT. Summit's witnesses, who were in the process of settling with Ford, testified for Ford at trial, but the trial judge said their testimony was full of inconsistencies.

Contrary to the claims made by Ford, Alfred Schlanger, Altran's president, testified that Altran sold transmission parts, not plastic bags (JA 1427). He said he had given Summit some rolls of plastic bags that he had obtained as part of the purchase of the stock of a defunct auto parts business at a

bankruptcy sale. He had intended to discard the bags, but gave them to Summit at Summit's request for bags to test a new package sealing machine. Mr. Schlanger had given the discarded bags to Summit in the late 1970s. Most were still on Summit's premises, unused, when Ford seized Summit's property in 1984. (46a)

Ford did not object to any jury instructions, did not claim that any evidence was improperly excluded or introduced, or file a motion for a directed verdict.

The jury found in favor of Altran and reported on special verdict forms that Altran had not infringed a Ford copyright and had not infringed a Ford trademark. In the event the jury had found copyright infringement, a special interrogatory had requested them to state whether they found that Ford had abandoned its copyright, since the jury found that Altran had not infringed a Ford copyright this interrogatory was not answered. The jury was not asked to further explain its answers. Ford did not file a motion for judgment notwithstanding the verdict.

D. Ford's Motion for a New Trial

Ten days after entry of judgment, Ford served Altran with a motion for a new trial pursuant to Rule 59 Fed. R. Civ. Pro. Ford, however, did not serve its motion on the four other defendants until later. (6a-7a)

The district court treated Ford's Rule 59 motion as properly before the court despite Ford's failure to make timely service upon all parties. At the hearing of the motion, the district court observed:

> "[T]he point is, the jury had two stories and could have believed one, as one of the possibilities under which the jury verdict is sustainable. (4c)

Subsequently the court asked Ford's attorney:

> You're saying these issues should not have gone to the jury. That is, in essence, what you're saying to me? (6c)

Ford's attorney responded:

> No, I say, based on the weight of the evidence, which is the test before your honor on this motion. (7c)

In denying Ford's motion, the district court concluded:

> I'm satisfied. I won't disturb the jury verdict in this matter, I'll let it stand. It was a good case. Heartily fought by good adversaries. (11c)

E. The Court of Appeals Decision

The Court of Appeals found that the district court had jurisdiction to consider Ford's motion for a new trial despite Ford's failure to serve the other four defendants in a timely manner. The Court said that "[N]owhere do these rules provide that a new trial motion served on some, but not all parties is a nullity with respect to the served parties" (9a, n.5. It elaborated its ruling by indicating that partial service might be invalid if a served party could demonstrate it was prejudiced by the failure to serve the other parties. (9a, n.6). Having held that Ford's partial service was effective, it took jurisdiction of the appeal under notices of appeal filed by Ford and Altran after the district court had denied Ford's motion for a new trial. (Ford and Altran had also filed notices of appeal within 30 days of entry of the judgment on the jury's verdict because of uncertainty as to whether the Rule 59 motion was effective).

The Court of Appeals next turned to the district court's dismissal of Altran's counterclaim. It found that the district court had considered matters outside the pleadings while ruling on Ford's 12(b)(6) motion, thus converting it to a motion for summary judgment, and had erred by not giving Altran

notice and a reasonable opportunity to present additional evidence. Rather than reverse and remand for further proceedings, however, the Court of Appeals considered the error to be harmless.

After determining that Altran had standing to make the claim that Ford had been required to divest itself of the GT but had failed to do so, the court went on to analyze the meaning of the relevant clause of the divestiture order. The court found that the ghosted GT was an addition to the Autolite trademark (18a, n. 10) but concluded that the divestiture order's phrase "additions made thereto" applied only to the battery and production facilities, and not to the Autolite trademark and tradename. Consequently, it believed that Ford had been permitted to keep all the additions it had made to the Autolite trademark and tradename, including the ghosted GT.

In reaching its conclusion, the Court of Appeals did not consider this Court's opinion affirming the divestiture order, 405 U.S. 562 (1972), or the syntax of this critical provision. It did not discuss the fact that the improvements provision was set off from the entire set of acquired assets by a comma. Instead, it decided that the provision was ambiguous and searched beyond the order itself for evidence of its meaning.

The court limited itself to two items of evidence. First, the divestiture court had refused Ford's request to adopt language which would have explicitly limited the improvements provision to the production facilities, and permitting Ford to retain all its additions to the Autolite trademark. (21a-22a) Second, Ford submitted papers in the district court in this case suggesting that the picture of the ghosted GT had appeared in a few of the many documents that Ford had submitted to the divestiture court at a hearing a year before the preparation of the divestiture order. (21a)

The divestiture court's refusal to adopt Ford's limiting language could easily be understood to mean that the divestiture court required divestiture of all of the additions Ford had made to its Autolite assets. The Court of Appeals refused to draw that conclusion, however. Instead, it believed that, because the divestiture court had the opportunity to see a picture that contained the ghosted GT, it would have mentioned the ghosted GT explicitly in the divestiture order if meant to include additions to the Autolite trademark. The court did not discuss the fact that two other trademark additions (the Autolite Star and the Shepherds crook) were shown to the divestiture court, were not specifically listed in the order and were divested by Ford (11e-11f). (These two trademarks are shown on pages 755a-757a and 420a of the Appendix in *U.S. v. Ford*).

The Court also failed to consider that no addition to the battery or spark plug production facilities was specifically listed. By so limiting itself, the Court of Appeals disregarded the declarations of the former Justice Department lawyer who had prosecuted Ford and who had prepared the divestiture order. (JA919-990) He stated that it was both his intent in drafting the order and his understanding that the order required divestiture of Ford's additions to the Autolite trademark, as well as its additions to the production facilities. The court treated that understanding as irrelevant to the intent of the court that signed the order. The Court of Appeals disregarded any questions as to what the divestiture court could

have seen and understood about the ghosted GT. [2] It also disregarded the declaration of a former Ford executive, involved with the Autolite divestiture, who was "told that regardless of the Court, we were going to keep the GT." (4e-5e)

Finally, the Court of Appeals turned to Ford's appeal from the district court's denial of its motion for a new trial. It concluded that "there was insufficient evidence to uphold the jury's verdict for Altran" because "too much weight was accorded to the subjective testimony of the witnesses," "[i]nsufficient consideration was given to objective evidence," and the "[c]redibility of the witnesses was neither as vital as the jury verdict indicated nor as significant as Altran would have us believe." (52a)

In reviewing the question of whether Gil Younger had developed his speeding car design from a Mickey Thompson poster, rather than copying a copyrighted design, the court concluded that "little weight" should have been accorded to Mr. Younger's testimony. It relied on a belief that Mr. Younger had stopped using the speeding car design on the SHIFT KIT packages at Ford's request, although there was no such testimony, but did not mention his actual testimony to the jury that he had stopped because he wanted to replace that design with a picture of himself, which was more distinctive. (JA1322-3) It also did not mention the fact that the evidence showed Ford's actual use of the ghosted GT

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[2] There is a serious question as to whether the divestiture Court ever saw the ghosted GT. The papers filed in that Court have been destroyed. When Ford appealed from the divestiture decree to this Court, it included in its Appendix (755a) documents it had submitted to the District Court. One of these (1f) showed black out spaces where the ghosted GT design should have appeared. A different version of that picture in color now showing the GT was submitted by Ford in support of Ford's motion to strike Altran's counterclaim. The Court of Appeals made this new picture the lynchpin (21a) of its affirmance of the dismissal of the counterclaims.

occurred in 1969, rather than in 1966 as the court believed. (JA2155)

On the issue of likelihood of confusion, the Court of Appeals decided that the testimony of auto parts dealers and auto mechanics that there was no likelihood of confusion "should be given little weight." (5a, n. 29) It believed that the proper question was whether members of the general public were likely to be confused, although the parts at issue in this action are only sold to mechanics in repair shops and transmission specialists. In addition Ford presented no evidence of confusion in either actual customers or the general public, and the Court of Appeals referred to none. The trial evidence included only one advertisement addressed to auto parts people. The court did not consider that Transgo and Ford products were sold from 1967 and 1969 to 1981 without any confusion, nor that Ford told Mr. Younger they would not sue Transgo and that each product used its own strong trademark SHIFT KIT, and MOTORCRAFT, respectively, with the car design.

The Court of Appeals did not discuss whether Ford had proven that it had met the requirements of copyright law by showing that it had affixed the copyright notice to the ghosted GT. The court acknowledged that Ford's trial evidence in this regard was "suspect" (40a n.25). The trial court had instructed the jury, in instructions not objected to by Ford, that Ford was required to prove affixing notice as an element of its case. (JA1573) The Court of Appeals, however, treated this matter as involving only a different question: whether Ford had abandoned its copyright by omitting the copyright symbol from a relatively large number of the ghosted GT designs it published, and then determined that it would rely on a witness without personal knowledge to hold that Ford had applied the copyright notice.

REASONS FOR GRANTING THE WRIT

I. THE DECISION BELOW CREATES AN UNWARRANTED AND UNPRINCIPLED RESTRICTION OF THE BROAD JUDGMENT THIS COURT HAS PREVIOUSLY AFFIRMED

This Court should grant the writ of certiorari because the Court of Appeals' decision contravenes the broad remedial purpose found in the divestiture order by this court. *Ford Motor Company v. United States*, 405 U.S. 562 (1972). In holding that the decree permitted Ford to use any and all additions it made to the Autolite trademark, the Court of Appeals ignored both the purpose and the express terms of the divestiture order. The court's reasoning embodies a mistaken method of legal analysis that should be corrected by this Court. Without such correction, the ability of the courts and of the Department of Justice to establish and enforce broad and effective orders will be seriously undermined.

By retaining the ghosted GT, Ford has managed to keep what it acquired through its acquisition of Autolite: the good will of the Autolite trademark. As the Court of Appeals expressly noted, "Ford used the ghosted GT to bridge the 'Autolite' and 'Motorcraft' names, apparently hoping that the good will associated with the "Autolite" name would travel to the "Motorcraft" name via the ghosted GT." (4a). Thus, permitting Ford to use the ghosted GT, the Court of Appeals, has knowingly given its imprimatur to Ford's successful effort to retain the benefit of its ownership of the Autolite name.

This Court's 1972 opinion would not permit Ford to retain any Autolite good will. Indeed, the opinion explicitly commends the district court for drafting a divestiture order that is broad and flexible enough to anticipate future business and economic developments. 405 U.S. at 578. Ford vigorously argued that the divestiture order was too broad, and

intruded too much on Ford's freedom of action. This Court flatly rejected that argument.

> [Divestiture was] a start toward restoring the preacquisition situation . . . The relief ordered should "cure the ill effects of the illegal conduct and assure the public freedom from the continuance . . . and it necessarily must "fit the exigencies of the particular case." . . . Moreover, "it is well settled that once the Government has successfully borne the considerable burden of establishing a violation of the law, all doubts as to the remedy are to be resolved in its favor."
>
> 405 U.S. at 573, 575 (citations omitted)

This Court did not discuss the precise issue that is before it now: whether the divestiture order required Ford to divest the additions it had made to the Autolite trademark. That silence should hardly be surprising, however. As indicated by the certifications of William McManus, (JA924-930) the Justice Department lawyer who had litigated the matter in the district court, the Justice Department lawyers understood the decree to require Ford to divest any additions to the Autolite trademark, but were not aware that Ford had adopted and used the ghosted GT as just such an addition. And since customary practice in the filing of papers on appeal indicate that the picture of the ghosted GT which was blacked out in the place it appeared in the Appendix before this Court was also blacked out in the district court, there was no reason for either the Justice Department or this Court to deal with the issue. The absence of an explicit discussion cannot be understood to limit or restrict the breadth of this Court's opinion in any way.

Requiring Ford to divest the additions it made to the Autolite trademark is precisely the kind of relief needed to implement the remedial purposes so forcefully expressed by this Court in its opinion. It is only by ordering Ford to divest

its additions to the Autolite trademark, as well as the trademark itself, that the district court could "cure the ill effects of the illegal conduct" or "assure the public freedom from its continuance." *Id.*

The district court accomplished that purpose by choosing broad language for its divestiture order. The key language states:

> No later than eighteen (18) months after this Judgment is not subject to further appeal, Ford shall divest itself of *all of its interest* in the tradename and trademark "Autolite" and all of its facilities in the United States for the production of automotive batteries and spark plugs, except a battery plant located at Shreveport, Louisiana. Said production facilities shall be divested in going, viable and operating condition.

1971 Trade-Cas. (CCH) 73,445, 1970 WL 550 (E.D. Mich. 1970) (emphasis supplied)

The phrase "all of [Ford's] interest" in the Autolite trademark includes Ford's interest in the good will associated with that trademark. It is difficult to understand how the language could be read otherwise. Professor McCarthy has noted that "[g]ood will and its symbol, a trademark, are inseparable. A trademark has no independent significance apart from the goodwill it symbolizes." 1 McCarthy, Trademarks and Unfair Competition §2.8 (1984).

The Court of Appeals did not discuss this phrase. It obviously ignored the phrase "all of its interest" when it stated that there was nothing in the order that would favor inclusion of Ford's additions to the Autolite trademark in the the "additions" to be divested. Contrary to the court's treatment of the order, this broad phrase dictates such an inclusion.

The divestiture order went on to further explain what was to be divested:

> The assets to be divested shall include the tradename and trademark "Autolite" and the spark plug and battery production facilities which were acquired from the Electric Autolite Company by Ford in 1961, and all improvements, betterments, replacements and additions made thereto by Ford since such acquisition up to the date of the divestiture.
>
> 1971 Trade-Cas. (CCH) 73,445, 1970 WL 550 (E.D. Mich. 1970)

The Court of Appeals missed the meaning of this language as well. It treated the "additions" language, following the comma in the middle of the sentence, as if it applied only to the nouns that directly preceded the additions language, that is, the production facilities, and did not apply to the trademark and tradename at the beginning of the sentence.

At this point the Court of Appeals erred in failing to consider the meaning of the grammatical structure of the divestiture order. Instead, it simply decided that the language was ambiguous and moved quickly on to look solely at extrinsic facts. It thus ignored an analytical step that is fundamental to the construction of all legal language. Here, as elsewhere, grammatical structure mandates meaning. *United States v. Ron Pair Enterprises, Inc.*, 489 U.S. 235, 241 (1989); *International Primate Protection League v. Administrators of Tulane Educational Fund*, 111 S.Ct. 1700, 1705 (1991).

By failing to be guided by the structure of the divestiture order's language, the court embraced the concept of ambiguity in haste and in error. A finding of ambiguity often brings with it the risk that a court will substitute its own view of what should be the meaning of a provision rather than the meaning

actually chosen by its author. Here, for example, the Court of Appeals had no factual basis for permitting Ford to retain the good will it had obtained from the Autolite trademark. It was only the court's erroneous foray into the realm of ambiguity that permitted it to select extrinsic evidence and to recast what the language of the order made clear.

The structure of the order's operative language indicates that the order applies to Ford's additions to the Autolite trademark. A comma follows the listing of Autolite assets acquired by Ford and precedes the phrase dealing with additions. As a matter of English usage, this indicates that the phrase referring to additions modifies all the subjects that come before, including the Autolite tradename and trademark as well as the production facilities. *Compare, International Primate Protection League, supra* (modifying phrase refers only to immediately antecedent phrase in the absence of separation by a comma) *with Ron Pair Enterprises, supra*, 489 U.S. 235, (phrase set off by commas not limited to immediately adjacent terms.) To be sure, an analysis of commas may not always be a foolproof indicator of meaning. *United States v. Ron Pair Enterprises, Inc.*, 489 U.S. 235, 250-251 (1989) (O'Connor, J., dissenting). It is in this case, however, because Judge Freeman, the author of the divestiture decree, has demonstrated the importance he accorded to the proper use of commas. In *Northeastern Life Insurance Co. of New York v. Cisneros*, 260 F. Supp. 675 (E.D. Mich. 1966) decided during the divestiture case, he took pains to point out that the absence of a comma between a term and its modifier means that the modifier applies only to the term immediately preceding it, and the presence of a comma signifies that all of the preceding words are modified. *Id.* at 677. Thus, when Judge Freeman signed a decree with a comma between the additions phrase of the Ford divestiture order and its antecedent nouns, he plainly understood and meant the additions phrase to apply to *all* the antecedent terms, including the Autolite tradename and trademark.

Unless they can depend on the structure of language, litigants and courts will have a difficult time drafting effective orders. In this case, for instance, it is difficult to know how the language in question could have been more explicitly written while still keeping a necessary breadth. Suppose the divestiture court had added a phrase explicitly requiring Ford to divest "the ghosted GT design it developed as an addition to the Autolite tradename and trademark," as the Court of Appeals held it had to do to require its divestiture. Ford would have then been free to retain any other additions it had made to the Autolite trademark. If the court had to be this explicit to attempt to achieve breadth, its very explicitness would have made its order too narrow to anticipate "future economic and business events" 405 U.S. at 578. The appellate court did not consider the issue of what happens to items that are accidentally or intentionally not disclosed. The appellate court provides incentives for non-disclosure.

This is a matter of broad importance for the future. It is not proper to force drafters of legal documents to create or define every item in a general term, lists often referred to as laundry lists, with their attendant risk of inadvertent exclusion. It is also important for the ability of the Justice Department and other litigants to be able to enforce what they have gained in litigation. The Justice Department has used similar broad language in many of its enforcement decrees. William McManus, the Justice Department attorney in charge of prosecuting Ford and drafting and litigating the divestiture order, stated that the decree requires the divestiture of additions to the Autolite trademark such as the ghosted GT (JA 914-16). The Court of Appeals decision in this case now gives litigants who were subject to such broad orders an unanticipated opportunity to eviscerate them. The losing litigants need only identify some particular practice or thing known to exist at the time of the order, but not named *in haec verba* in the order, and they are free to argue that it was excluded from its forms.

Finally, the issue is important for the ability of the Justice Department to supervise the implementation of its orders. In this case, Mr. McManus was explicitly empowered by Section XI of the decree to supervise Ford's divestiture of its Autolite assets. He did not realize that Ford was keeping any additions to the Autolite trademark because Ford blacked out the picture of the ghosted GT in the documents it submitted to the Justice Department in conjunction with divestiture. (The Court of Appeals recognized that even part of this could possibly have been an act of fraud. (25a-26a). If he had realized it, he undoubtedly would have brought the matter to the divestiture court's attention, since he believed that divestiture of the ghosted GT was required (JA 930). As it turned out, however, by reason of Ford's concealment he approved a divestiture contract he would have opposed (JA 930). The best way for the Justice Department, or any prevailing litigant, to protect itself from such risks is to be able to rely on the power of language and the principles of English usage customarily used to interpret it. The Court of Appeals improperly limited that method by refusing to pay attention to the language of the decree itself.

II. IN SUBSTITUTING THE COURT OF APPEALS' VIEW OF THE WEIGHT OF THE EVIDENCE FOR THAT OF THE JURY, THE DECISION BELOW VIOLATES THE SEVENTH AMENDMENT, CONTRAVENES THE LAW OF THIS COURT, AND CONFLICTS WITH THE DECISIONS OF OTHER CIRCUITS.

It has been the rule in this Court that a federal appellate court may not review the verdict of a jury for error of fact. *Fairmount Glass Works v. Cub Fork Coal Co.*, 287 U.S. 474, 481, (1933). *See, United States v. Socony-Vacuum Oil Co.*, 310 U.S. 150, 148, (1940). The Court of Appeals' decision in this case plainly violates that rule. It cites no case law that

would justify its sweeping review of the facts.[3] Its approach so conflicts with the controlling cases decided by this Court that this Court should determine whether they remain good law, or, if not, the extent to which courts of appeal are now free to ignore them.

The Court of Appeals' decision below is also in direct conflict with the standards adopted by the First, Second, Fifth, Seventh, Ninth and Federal Circuits. Those circuits prohibit appellate review of a denial of a new trial so long as there is any rational evidence in the record to support the verdict. *Vaim v. Hercules Fish Products, Inc.*, 701 F.2d 235, 236-37 (1st Cir. 1983) (review only when there is so little evidence that the verdict constitutes a manifest miscarriage of justice); *Roberts v. Consolidated Rail Corp.*, 893 F.2d 23 (2d Cir. 1989) (no review of jury factual determinations permitted, citing *Fairmount Glass, supra*); *Dunn v. Sears, Roebuck & Co.*, 639 F.2d 1171, 1175 (5th Cir. 1981) (review limited to question of whether there was any basis to support jury's verdict); *Foster v. Continental Can Corp.*, 783 F.2d 731, 735 (7th Cir. 1986) (no reversal of denial of motion for new trial if there is any reasonable basis in the record for it); *Landes Construction Co., Inc. v. Royal Bank of Canada*, 833 F.2d 1365, 1372 (9th Cir. 1987) (review when record contains no evidence to support verdict); *Jurgens v. McKasy*, 927 F.2d 1552 (Fed. Cir. 1991) (when no motion for directed verdict, the sufficiency of the evidence cannot be challenged on appeal.) And even those circuits that appear to adopt a more relaxed standard do not permit the freewheeling reweighing of the evidence engaged in by the Court of Appeals here. *E.g.*, *Karns v. Emerson Electric Co.*, 817 F.2d 1452, 1456 (10th Cir.

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[3] The decisions on which it relies do not speak to the weight of the evidence, but only to the minimum amount of evidence, *Wagner v. Firestone Tire & Rubber Co.*, 890 F.2d 652, 656 (3d Cir. 1989), required to provide a basis for the jury's verdict. *Motter v. Everest & Jennings, Inc.*, 883 F.2d 1223, 1230 (3d Cir. 1989). There was obviously more than enough such evidence in this case and Ford did not move for a directed verdict or for judgement n.o.v.

1987) (appellate review only of verdicts that are clearly, decidedly or overwhelmingly against the weight of the evidence) *Moody v. Pepsi-Cola Metropolitan Bottling Co.*, 915 F.2d 201, 211 (6th Cir. 1990) (abuse of discretion); *TCP Industries Inc. v. Uniroyal Inc.*, 661 F.2d 542 (6th Cir. 1981) (miscarriage of justice).

Beyond the need to resolve this conflict, this Court should accept this case for review to establish clearly the limits that the Seventh Amendment places upon an appellate review of a jury verdict. Two leading scholars have noted that a propensity for appellate review of jury verdicts has recently appeared in "a blizzard of dicta" from the courts of appeals. C. WRIGHT & A. MILLER, FEDERAL PRACTICE AND PROCEDURE: CIVIL §2819 p. 121 (1973). This development, which is termed a "dramatic change" (*Id.*), has occurred without guidance from this Court. It cannot be squared with the command of the second clause of the Seventh Amendment, which prohibits appellate review of facts tried by a jury since such review was not permitted at common law. See *Id.* at pp. 123-125. Another writer has noted that federal appellate courts are treading upon the boundaries of the Seventh Amendment without guidance from this Court, Schnapper, "Judges Against Juries — Appellate Review of Federal Civil Jury Verdicts," 1989 *Wisc.L.Rev.* 237, 245. We submit that this Court is sensitive to this issue. It recently held in *Boyle v. United Technologies Corp.*, 487 U.S. 500, 513, (1988) that, in reviewing denials of motions for judgment not withstanding the verdict, courts of appeals may not review or determine the facts before the jury, but only whether the evidence was legally sufficient to support the verdict. The instant case provides an opportunity for the Court to specify for new trial motions what it has done for judgments n.o.v.

The Court of Appeals' treatment of the weight of the evidence in this case provides a textbook example of the

errors created by judicial intrusion into the fact-finding function of the jury. The Court of Appeals discredited witness testimony, such as that of Mr. Younger, without considering the testimony the witness actually gave. It drew its own inferences about the likelihood that customers would be confused by designs, based only on the designs themselves and ignoring the testimony of actual customers. In so doing, it did not explain why its inferences about the reactions of people should take precedence over the inferences drawn by the six ordinary people who sat on the jury and found no likelihood of confusion.

The Court of Appeals also reached beyond the trial record to reweigh the evidence. On the issue of ownership of the design, it placed weighty reliance on an affidavit regarding Ford's creation of its ghosted GT design. (35a). But that affidavit had been excluded from evidence (JA 1507). It appeared in the record on appeal in connection only with Altran's counterclaim. Its exclusion was not claimed as a trial error, and it should not have been considered by the Court of Appeals.

It gave great weight to trade advertising when there was only one advertisement at trial, and it was submitted by Altran (JA 2155).

The district court instructed the jury that it was Ford's burden to prove ownership of the copyright by proving it had affixed a copyright notice to its publications of the ghosted GT design. Without mentioning those instructions, however, the Court of Appeals treated Ford's absence of proof of copyright notice as relevant only to the issue of abandonment of a copyright it assumed to be enforceable. The jury's verdict of non-infringement was consistent with the Court's instructions without reaching the issue of abandonment. The Court of Appeals apparently believed there was an inconsistency in the jury's answers to the trial judge's interrogatory, and on that premise contravened the rule that special jury interrogatories should be construed in a way that will uphold the jury's

verdict. *Gallick v. Baltimore and Ohio RR Co.*, 372 U.S. 108 (1963); *Atlantic & Gulf Stevedores, Inc. v. Ellerman Lines Ltd.*, 369 U.S. 355, 364 (1962). This rule implements the primacy of jury verdicts, as guaranteed by the Seventh Amendment. The failure of the Court of Appeals to abide by it after mistakenly assuming that a possible inconsistency existed is a further indication of the distortions that can be introduced into our trial system when an appellate court assumes to the jury's task of assessing credibility and drawing inferences.

At several points in its opinion, the Court of Appeals asserts that it is merely judging the legal sufficiency of the evidence. *E.g.*, (26a-27a). Its reasoning, however, as described above, makes it abundantly clear that it was assessing the weight of the evidence, not merely its sufficiency *simpliciter*. No analysis of sufficiency alone would require the detailed comparisons of the strength of competing testimony or the repeated use of the term "weight" that the Court of Appeals engaged in here. Even the drafter of the headnote for the Federal Reporter paraphrases the court's opinion as based on the "weight . . . accorded to subjective testimony of witnesses at trial." 930 F.2d at 278. The Seventh Amendment may sometimes permit a court of appeals to review a verdict in terms of the bare sufficiency of the evidence, but it does not permit a reweighing of the evidence under the cloak of "sufficiency."

Indeed, in this case, in which the sufficiency of the evidence in favor of the jury's verdict was acknowledged by Ford's decision not to move for a directed verdict or for a judgment n.o.v., that issue cannot be raised in the Court of Appeals. *Jurgens* v. *McKasy*, 927 F.2d 1552, 1557 (Fed. Cir. 1991); *Belber* v. *Lipson*, 905 F.2d 549, 552 (1st Cir. 1991); *Smith* v. *Ferrel*, 852 F.2d 1074, 1075 (8th Cir. 1988); *Malleck* v. *Int'l Broth. of Elec. Workers*, 644 F.2d 228, 233 (3d Cir. 1981) (request for judgment contrary to jury verdict in

absence of motion pointing out deficiency in proof is tantamount to request for re-examination of facts barred by Seventh Amendment),

III. THE THIRD CIRCUIT'S ADOPTION OF PREJUDICE AS A PREREQUISITE TO THE ENFORCEMENT OF RULE 59 ELIMINATES A BRIGHT LINE RULE FOR APPELLATE JURISDICTION AND PERMITS PIECEMEAL APPEALS

After Ford had lost its trial, it served a motion for a new trial which was timely only as to Altran and not to the original defendants who had remained in the case, but had not participated in the trial. The Court of Appeals held that this incomplete service was legally sufficient to postpone the running of Ford's and Altran's time to appeal pursuant to FRAP 4(a)(4). Acknowledging that Rule 5(a) of the Federal Rules of Civil procedure requires service on all parties, the Court of Appeals excused Ford from this requirement because Altran had not been prejudiced by the failure to serve the other defendants. The court thus created a rule of partial new trial motions and partial appeals. The issue is important to Altran because an unperfected new trial motion would have prevented the Court of Appeals from considering the weight of the evidence and reversing the jury verdict. The issue should be important to this Court because it destroys a bright line rule related to the timing of appeals.

The rule adopted by the Court of Appeals has no basis in the language of the applicable rules. In fact, Rule 5 was amended in 1963 to require service on all parties, not just on those affected by a motion. Nor is the Court of Appeals' rule sound policy. The only case relied on by the Court of Appeals, *Rosen v. Dick*, 639 F.2d. 82 (2d Cir. 1980) concerned incomplete service of a jury trial demand, not a motion for a new trial. The comparison is incomplete. The service of jury demands does not affect the jurisdiction of the courts of

appeal, as does the service of a motion for a new trial. Furthermore, the rules themselves permit enlargements of time for jury demands and many other motions (Rule 6(b), Fed. R. Civ. Pro.) but not for the 10 day requirement under Rule 59(b) for serving motions for a new trial.

The Court of Appeals' modification of the Rules of Civil Procedure creates ambiguity in the rules of appellate procedure. When a party serves a timely motion for a new trial on some but not on all parties, whether by inadvertance or for tactical reasons, neither the clerk, the court, nor the parties will know whether the motion has stayed the time for filing a notice of appeal. That will depend on whether some court at some later point determines that the partial service resulted in prejudice to the party actually served.

Furthermore, partial service can result in piecemeal appeals. For instance, consider a three party action in which a plaintiff wins against the prime defendant, who in turn obtains a judgment for contribution against a third party defendant. If the defendant serves a motion for a new trial on the plaintiff, but not on the third party defendant, what is the third party defendant to do? If he has issues to raise on appeal, he would be well advised to appeal immediately, since he was not timely served. But if the motion for a new trial is granted, part of the case will continue in the district court while part proceeds on appeal. Alternatively, the district court might dismiss the motion for a new trial on the grounds that the plaintiff, although timely served, was prejudiced by the defendant's failure to serve the third party defendant. In that event, the losing defendant may well be too late to appeal. His imperfect service failed to toll the time for appeal. And if the third party defendant waited to see the outcome of the new trial motion before appealing, he, too, would be out of time. These difficulties are eliminated by the enforcement of the Federal Rules of Civil Procedure as written.

This Court has once before rejected the Third Circuit's attempt to graft a prejudice exception onto the rules governing the timeliness of notices of appeal and appellate jurisdiction. In *Griggs v. Provident Consumer Discount Co.*, 459 U.S. 56 (1982), the Third Circuit had sought to preserve the viability of a premature notice of appeal on the grounds that the appellee had suffered no prejudice. This Court reversed because the Third Circuit's approach would permit simultaneous jurisdiction in the Court of Appeals and the district court. It should grant this petition and reverse for the same reasons here.

The opinions of this Court have made clear the importance of having a bright line rule for establishing the timeliness of appeals. *Osterneck v. Ernst & Whinney* 489 U.S. 169, (1989); *Budinich v. Becton & Dickinson & Co.*, 486 U.S. 196, (1988); *See, Torres v. Oakland Scavenger Co.*, 487 U.S. 312, (1988). The Court of Appeals' partial service/no prejudice rule announced in this case creates a gap in that principle which this Court should close.

CONCLUSION

For the reasons stated, this Court should grant the petition for certiorari, reverse the Court of Appeals decision on Altran's counterclaim involving the divestiture of the ghosted GT, either reverse the Court of Appeals decision ordering a new trial, or vacate that decision and remand that matter to the Court of Appeals with instructions to vacate the new trial order for lack of appellate jurisdiction. Alternatively, this Court should grant the petition for certiorari and give these matters plenary consideration.

Respectfully submitted,

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APPENDIX A

Filed April 8, 1991

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

Nos. 90-5225, 90-5256, 90-5348, 90-5363

FORD MOTOR COMPANY

Appellant & Cross-Appellee

v.

SUMMIT MOTOR PRODUCTS, INC., a corporation; ALTO PRODUCTS CORPORATION, a corporation; SANFORD LANDA, an individual; DOROTHY LANDA, an individual; TENSION ENVELOPE CORPORATION; a corporation; ALTRAN CORPORATION, a corporation; and ACME CORPORATION, INC., a corporation

Altran Corporation,

Appellee & Cross-Appellant

On Appeal from the United States District Court
for the District of New Jersey
(D.C. Civil No. 84-01978)

Argued January 10, 1991

BEFORE: COWEN, ALITO and GARTH
Circuit Judges

(Opinion filed April 8, 1991)

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OPINION OF THE COURT

COWEN, *Circuit Judge*.

Before us are four appeals arising out of an action initiated by Ford Motor Company ("Ford") against, *inter alia*, Altran Corporation ("Altran"), alleging copyright, trademark, and unfair

competition violations, and an ensuing counterclaim filed by Altran against Ford for racketeering. Prior to trial, the district court dismissed Altran's counterclaim and denied a motion by Ford for Rule 11 sanctions, and thereafter, the jury returned a verdict for Altran on every Ford claim. Ford's motion for a new trial was subsequently denied. Altran has appealed the dismissal of its counterclaim, while Ford has appealed the district court's denial of its new trial motion and its Rule 11 motion. We find that the district court properly dismissed both Altran's claim against Ford and the related Rule 11 motion. However, we hold that the district court did not soundly exercise its discretion in denying Ford's motion for a new trial, and we will therefore vacate that order and instruct the district court to grant Ford a new trial on all of its claims.

I.

This case has its genesis in Ford's entry into the lucrative automobile repair and replacement parts market in the late 1950s. After unsatisfactory initial efforts to merchandise repair parts, Ford began to explore other marketing options. Believing that a good tradename was one key which might unlock the door to the repair parts market, Ford commenced negotiations with the Electric Autolite Company. Electric Autolite, a primary supplier of parts for Chrysler, was a major manufacturer of automobile repair parts. In 1961, an agreement was reached pursuant to which Ford purchased from Electric Autolite the "Autolite" tradename, an Ohio spark plug factory, a Michigan battery facility, limited distribution rights, and the services of several employees.

Within the year, the United States Justice Department brought suit under section 18 of the

Clayton Antitrust Act, 15 U.S.C. § 18, seeking to divest Ford of the assets it acquired from Electric Autolite. Throughout the lawsuit, Ford used the "Autolite" tradename, along with the other acquisitions. In 1966, Ford created a design which it anticipated would be used with the "Autolite" name. That design consisted of a blurred image of a 1964 Ford Mustang GT (the "Ghosted GT").

Ford was found liable for Clayton Act violations by a Michigan district court (the "divestiture court") in 1968. *United States v. Ford Motor Company*, 286 F.Supp. 407 (E.D. Mich. 1968). A final judgment was entered in 1970, which ordered Ford to divest itself of the Autolite assets, including the "Autolite" name. *United States v. Ford Motor Co.*, 315 F.Supp. 372 (E.D. Mich. 1970), *aff'd*, 405 U.S. 562 (1972). After the finding of liability but before final judgment, Ford added the Ghosted GT to the "Autolite" name, and began to advertise the two together.

Pursuant to the divestiture order, Ford transferred the Autolite assets to the Bendix Corporation in 1973. Even after divestiture, Ford retained the Ghosted GT, using it in conjunction with the tradename "Motorcraft," which Ford had adopted to replace the divested "Autolite" name. In effect, Ford used the Ghosted GT to bridge the "Autolite" and "Motorcraft" names, apparently hoping that the good will associated with the "Autolite" name would travel to the "Motorcraft" name via the Ghosted GT. Ford's use of the Ghosted GT has continued to date.

In the early 1980s, Ford began to focus on the problems of counterfeit automotive parts and simulated packaging, problems which had become the subject of considerable national attention. *See, e.g.*, Senate Comm. on the Judiciary, The Trademark Counterfeiting Act of 1984, S. Rep. No.

526, 98th Cong. 2d Sess. 4 (1984), *reprinted in* 1984 U.S. Code Cong. & Admin News 3627 *et. seq.*; *Ford Motor Co. v. B & H Supply, Inc.*, 646 F.Supp. 975, 982 (D. Minn. 1986). To address the problem, Ford began vigorously to enforce its copyright and trademark rights by filing lawsuits against alleged counterfeiters, including Altran. These efforts were largely successful, as Ford obtained relief against at least forty companies engaged in counterfeiting activities.

Ford, however, was unsuccessful in the present case. In 1984, Ford filed an action against Altran in the New Jersey district court, alleging that Altran infringed Ford's copyright and trademark rights. Two separate allegations of wrongdoing form the core of Ford's claims against Altran. First, Ford claims that Altran obtained transmission kits packaged in trade dress closely resembling the Ghosted GT from Transgo, a California automobile parts manufacturer, and that Altran sold those transmission kits in that same packaging. Second, Ford contends that Altran supplied Summit Motor Products, Inc., with plastic bags bearing trade dress almost identical to the Ghosted GT, and that Summit subsequently used the bags to package and sell automobile parts.

Altran moved to dismiss the case, alleging that the 1970 divestiture order had divested Ford of the Ghosted GT. That motion was subsequently denied without prejudice, but now forms the basis for Altran's counterclaim. Specifically, Altran argues that the 1970 order divested Ford of the Ghosted GT, that Ford committed wire and mail fraud after the divestiture order by concealing its retention and use of the Ghosted GT, and that Ford's actions violated the Racketeering and Corrupt Organizations Act, 18 U.S.C. §§ 1961-68 ("RICO").

Upon Ford's motion, the district court dismissed

Altran's counterclaim in October, 1988.[1] It also denied an additional Ford motion for imposition of Rule 11 sanctions against Altran for pursuing its counterclaim. Meanwhile, Ford's copyright and trademark claims progressed to trial in January, 1990. After a trial which spanned eleven days, the jury returned a verdict against Ford on all of its claims. A special verdict form adopted by the district court revealed that the jury found no infringement by Altran on either the copyright or trademark claims.

On February 22, 1990, Ford filed a motion for a new trial under Fed. R. Civ. P. 59. That motion was denied on March 27, 1990. Prior to the district court's disposition of the motion, both Altran and Ford filed appeals at Nos. 90-5225 and 90-5256. After disposition of the motion, Altran and Ford again filed appeals at Nos. 90-5348 and 90-5363. All four appeals are now before us.

II.

The district court's jurisdiction is not in dispute.[2] However, we must examine our appellate

1. The district court order referred to its disposal of the counterclaim as a dismissal. As will be developed *infra*, the district court's order, notwithstanding its nomenclature, amounted to a grant of summary judgment.

2. There are several bases for the district court's jurisdiction. Ford's claims arose under the United States Copyright Act, 17 U.S.C. §§ 101-810, and the United States Trademark Act, 15 U.S.C. §§ 1051-127, with jurisdiction being expressly conferred upon the district court in both instances by 28 U.S.C. § 1338(a). There is also diversity jurisdiction pursuant to 28 U.S.C. § 1332(a) and pendent jurisdiction pursuant to 28 U.S.C. § 1338(b). Altran's claims arose under RICO, with jurisdiction expressly conferred upon the district court by 18 U.S.C. § 1964(c).

jurisdiction, since both parties allege that several of the appeals are jurisdictionally defective. Specifically, Altran argues that the appeals filed before the district court decided Ford's new trial motion are valid, while the appeals filed after the disposition of the motion are barred. Ford contends the opposite.[3]

Our choice between these two views hinges on the validity of Ford's Rule 59 motion. If Ford's motion for a new trial was proper, two propositions follow. First, we would not have jurisdiction over the set of appeals filed prior to the district court's disposition of the motion, since any notice of appeal filed during the pendency of a Rule 59 motion is "of no effect" and a new notice of appeal must be filed following the order disposing of the motion. Fed. R. App. P. 4(a)(4); *In re Sharon Steel Corp.*, 918 F.2d 434, 437 (3d Cir. 1990) ("Rule 4(a)(4) prohibits the filing of an appeal until the [Rule 59] motion is resolved."); *Mondrow v. Fountain House*, 867 F.2d 798, 799 (3d Cir. 1989) ("[I]f the notice of appeal . . . was filed before the district court ruled on a timely Rule 59 motion, we do not have jurisdiction."). Second, we would have jurisdiction over the second set of appeals, which were timely filed after the district court disposed of Ford's motion.

On the other hand, if Ford's motion for a new trial were deemed improper, a contrary set of propositions ensue. First, we would have jurisdiction over the first set of appeals, since they

3. Should we decide that we have jurisdiction over the appeals filed before the court disposed of the motion for a new trial, and not the appeals filed afterwards, Ford would be unable to claim that the jury verdict was against the weight of the evidence, since the district court at the time of the first notices of appeals did not have an opportunity to grant a new trial.

were timely filed after the district court's entry of final judgment. Second, we would not have jurisdiction over the second set of appeals, since they were filed well after the thirty days allowed by the Federal Rules of Appellate Procedure. Fed. R. App. P. 4(a)(1).

In arguing that Ford's motion was invalid, Altran focuses on the scope of service. When Ford first filed its claims against Altran, it also sued several other defendants.[4] At the time Ford moved for a new trial, those defendants were parties to the action. Although those defendants neither participated in the January trial nor were bound by the jury verdict, having agreed previously to the entry of consent judgments in October, 1989, they were not formally dismissed from the case until after the motion. It is undisputed that Ford served only Altran with its motion, and that the other defendants were not timely served.

Rule 59 requires that a "motion for a new trial shall be served not later than 10 days after the entry of the judgment." Rule 5 states that where service is required, the motion "shall be served upon each of the parties." Because Ford did not comply with the Rule 5 requirements by failing to serve "each of the parties," Altran argues that Ford's motion was completely invalid.

We disagree. When the Rule 59 motion was filed, the unserved defendants were technically still parties to the action, and therefore should have been served. If any of the unserved parties were aggrieved by the deficient service, they could complain. But Altran was served, and generally, parties may not assert the rights of others. Altran has cited no authority holding that a party served

4. The other defendants included Summit Motor Products, Alto Products Corp., Tension Envelope Corp., and Acme Folding Box, Inc.

with a new trial motion may contend on appeal that the motion was a nullity because other parties were not served.[5]

The United States Court of Appeals for the Second Circuit rejected a similar argument in *Rosen v. Dick*, 639 F.2d 82 (2d Cir. 1980), and we endorse its reasoning. In *Rosen*, a party that had been served with a jury trial demand contended that the demand was ineffective because other parties had not been served, as is required by Fed. R. Civ. P. 38(b). Distinguishing between the unserved parties and the party that had received service, the *Rosen* court stated that the latter party "should not be heard now to complain" regarding the lack of service on others. *Id.* at 90. Since Altran was properly served in this instance, it too cannot contest the adequacy of service.[6]

We therefore hold that Ford's motion was valid with respect to Altran. As such, we have jurisdiction over the second set of appeals at Nos. 90-5348 and 90-5363. Appeals at Nos. 90-5225 and 90-5256 are of no effect because they were

5. The plain language of the relevant rules does not dictate the result Altran urges. Rule 4(a)(4) of the Federal Rules of Appellate Procedure merely states that a new trial motion must be timely "filed" in order to suspend the time for filing a notice of appeal; this rule says nothing about the effect of service upon some but not all of the parties. Rule 59)b) states only that a new trial motion must be served within 10 days after entry of judgment, and Rule 5(a) states only that such a motion must be served on all parties. Nowhere do these rules provide that a new trial motion served on some but not all parties is a nullity with respect to the served parties.

6. There is perhaps one exception to this general rule. If Altran had proved that it was prejudiced by the failure of Ford to properly serve the other parties, then arguably, the service was invalid with respect to Altran. But Altran made no such offer of proof.

filed during the pendency of the valid Rule 59 motion and will be dismissed for lack of appellate jurisdiction.

III.

Having ascertained the boundaries of our jurisdiction, we now turn to Altran's counterclaim, in which Altran alleged that the 1970 divestment order divested Ford of the Ghosted GT, that Ford fraudulently concealed its retention and continued use of the Ghosted GT, and that this fraudulent concealment constitutes a RICO violation. The centerpiece of Altran's counterclaim is the 1970 divestiture order, which states in relevant part:

> No later than eighteen (18) months after this Judgment is not subject to further appeal, Ford shall divest itself of all of its interest in the tradename and trademark "Autolite" and all of its facilities in the United States for the production of automotive batteries and spark plugs, except a battery plant located at Shreveport, Louisiana. Said production facilities shall be divested in going, viable and operating condition.
>
> The assets to be divested shall include the tradename and trademark "Autolite" and the spark plug and battery production facilities which were acquired from the Electric Autolite Company by Ford in 1961, and all improvements, betterments, replacements and additions made thereto by Ford since such acquisition up to the date of the divestiture.
>
> Divestiture of the facilities for the production of automobile batteries may be made separately but in any event, the tradename and trademark

> "Autolite" and the facilities for the production of spark plugs (hereinafter referred to as Autolite assets) shall be disposed of as a unit.

United States v. Ford Motor Co., 1971 Trade-Cas. (CCH) ¶ 73,445 (E.D. Mich. 1970), *aff'd* 405 U.S. 562 (1972), *modified* 1983-1 Trade-Cas. (CCH) ¶ 65,436 (E.D. Mich. 1974).

Altran contends that the language in the order requiring Ford to divest "all improvements, betterments, replacements and additions" refers to additions to the "Autolite" name and that the Ghosted GT constitutes just such an addition. It then follows that Ford was required to divest the Ghosted GT. If the divestiture court did indeed order divestiture of the Ghosted GT, Altran argues that Ford fraudulently concealed its retention of the Ghosted GT from the courts, the Justice Department, and other businesses.

The district court disagreed, dismissing the counterclaim because: (1) Altran lacked standing under RICO to enforce the 1970 divestiture order; (2) the 1970 divestiture order did not divest Ford of the Ghosted GT; (3) Ford did not fraudulently conceal its retention and use of the Ghosted GT; and (4) the Justice Department could not have been so grossly negligent as to sit by idly while Ford openly flouted the terms of the divestiture order. Any of the first three of these grounds, if supported by the record, would be sufficient to affirm the district court's dismissal.[7]

Before commencing our review of the district court's action, we must first determine what exactly

7. We do not address today the significance of the Justice Department's failure to take action against Ford, or, more specifically, whether that inaction, by itself, would have removed the taint of fraud by Ford.

the district court did. Ford's motion to dismiss the counterclaim was made pursuant to Rule 12(b)(6). The district court made no explicit determination it was going to treat the motion as anything but one for failure to state a claim. However, Rule 12(b) states in part that if:

> matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56.

Fed.R.Civ.P. 12(b)(6). Here, both Ford and Altran submitted additional factual material in support of its motion, material which the district court apparently did not exclude. Indeed, the district court expressly considered extrinsic evidence regarding the Justice Department's alleged knowledge of the Ghosted GT, and its inactivity in that respect. Thus, we are constrained by the above language to treat the district court's disposition of the matter pursuant to Rule 56, and not Rule 12(b)(6). *See Switlik v. Hardwicke Co., Inc.*, 651 F.2d 852, 856-57 (3d Cir. 1981) (since the district court did not exclude an affidavit which was outside the pleadings, Rule 12(b)(6) motion converted into summary judgment motion); *Messer v. Virgin Islands Urban Renewal Board*, 623 F.2d 303, 307 (3d Cir. 1980) ("where matters outside the pleadings are considered by the district court, a motion under Fed.R.Civ.P. 12(b)(6) . . . will be treated as a Rule 56 motion").

This presents a problem. Altran was not given a "reasonable opportunity," consistent with the mandate of Rule 12(b), to present additional evidence. For example, Altran indicated in its brief opposing Ford's motion that if the district court was going to convert the motion into one for summary judgment, it would file a statement under Rule 56(f) demonstrating its inability to produce evidence in opposition to the motion. The district court did not reply and no statement was filed. In this circuit, "it is reversible error for a district court to convert a motion under Rule 12(b)(6) . . . into a motion for summary judgment unless the court provides notice of its intention to convert the motion and allows an opportunity to submit materials admissible in a summary judgment proceeding." *Rose v. Bartle*, 871 F.2d 331, 342 (3d Cir. 1989).[8] Failure to provide such an opportunity, though, does not "require automatic reversal; it may be excused if the failure was a 'harmless error'," *id.*, or if no prejudice to Altran occurred. *Switlik v. Hardwicke Co., Inc.*, 651 F.2d at 857. Thus, even where the opportunity to submit pertinent material is not given, "a grant of summary judgment for a defendant may be affirmed where there is no 'state of facts on which plaintiff could conceivably recover.'" *Hancock Industries v. Schaeffer*, 811 F.2d 225, 229 (3d Cir.

8. The notice and opportunity requirements are really one and the same, and will be treated as such in this opinion. *See Davis Elliot International, Inc. v. Pan American Container Corp.*, 705 F.2d 705, 707-08 (3d Cir. 1983); *Bryson v. Brand Insulation, Inc.*, 621 F.2d 556, 559 (3d Cir. 1980). The *Bryson* court, in a passage subsequently quoted in *Davis Elliot*, stated that "an opportunity to present pertinent material . . . presumes notice to the party so that he may take advantage of the opportunity." *Bryson v. Brand Insulation, Inc.*, 621 F.2d at 559.

1987) (*quoting Davis Elliott International, Inc. v. Pan American Container Corp.*, 705 F.2d at 708); *accord Rose v. Bartle*, 871 F.2d at 442.

Our review of summary judgment motions is plenary. "We may affirm if, and only if, on the basis of the complaints filed by these [parties] there was no set of facts which could be proven to establish" liability. *Rose v. Bartle*, 871 F.2d at 442. Moreover, we will consider any additional evidence in the record before us, even though that evidence may have been submitted to the district court after it had ruled on Ford's motion in order to avoid any prejudice to Altran and as part of our plenary review.[9]

We begin our review of Altran's RICO counterclaim with standing. The United States Supreme Court has recognized that only the parties to a court order or decree have the power to enforce it. *See Blue Chip Stamps v. Manor Drug Stores*, 421 U.S. 723, 750 (1975) (there is a "well-settled line of authority . . . establish[ing] that a consent decree is not enforceable directly or in collateral proceedings by those who are not parties to it even though they were intended to be benefitted by it."). Yet under RICO, a plaintiff has standing to assert a civil cause of action if he is "injured in his business or property" by racketeering activity. 18

9. We are aware of the line of cases holding that we may consider on review of a grant of summary judgment only that evidence which was of record at the time the district court made its decision. *See Frito Lay, Inc. v. Willoughby*, 863 F.2d 1029, 1035-36 (D.C. Cir. 1988); *Voutour v. Vitale*, 761 F.2d 812 (1st Cir. 1985), *cert. denied*, 474 U.S. 1100 (1986). However, given the harmless error analysis mandated by *Rose v. Bartle*, 871 F.2d at 342, we find those cases inapplicable. Implicit in *Rose v. Bartle* is the idea that to avoid prejudice, we must consider all the evidence on the record to determine if the error was in fact harmless.

U.S.C. § 1964(c). *See Shearin v. E.F. Hutton Group, Inc.*, 885 F.2d 1162, 1164 (3d Cir. 1989) ("an injury to business or property . . . is in common parlance referred to as RICO standing.").

To some extent, then, we have conflicting authority. While Altran does not have standing to enforce the divestiture order directly, it does have standing to claim that Ford's violation of the order was a predicate act forming the basis of a RICO claim because Altran has alleged injury to business. We recognize that violations of the divestiture order could be a predicate act, even though the success of the RICO claim largely depends on what could be termed an enforcement of the 1970 court order. Although we have not yet had occasion to address this conflict, *Securities Investor Protection Corp. v. Vigman*, 908 F.2d 1461 (9th Cir. 1990) ("SIPC"), is most helpful.

In *SIPC*, plaintiff brought a RICO suit based on predicate acts of securities fraud under section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5. To bring a Rule 10b-5 private damages action, "a plaintiff must be a purchaser or seller of securities." *Id.* at 1465. The district court granted summary judgment against plaintiff, concluding that it did not have standing to assert its RICO claim because the plaintiff was not a purchaser or seller of securities. Reversing the district court's judgment, the court of appeals held that "the purchaser or seller standing limitation that applies to 10b-5 actions does not apply to RICO claims based upon predicate acts that are alleged to be securities fraud . . . ." *Id.* at 1467. One of the rationales for this holding was that on "its face, the RICO statute has no purchaser-seller standing requirement." *Id.* at 1466.

The present case is analogous to *SIPC*. There is a standing limitation on parties trying to enforce court orders directly, just as there is a standing limitation on parties alleging Rule 10b-5 securities fraud. But consistent with the reasoning of *SIPC*, that limitation would not preclude a party from making a RICO claim that had as its predicate alleged violations of a court order. Indeed, the RICO statute has no such express limitation. The standing inquiry in any civil RICO case depends solely on demonstrating injury to business or property, and not on satisfying any standing requirement attached to the predicate act. Thus, we hold that Altran has standing under RICO, even though it was not a party to the court order which provides the predicate for its RICO counterclaim.

Having concluded that Altran has standing to raise its RICO claim, we turn now to the divestiture order. Obviously, the linchpin of Altran's counterclaim is the divestiture order, since without a requirement that Ford divest the Ghosted GT, Ford would have nothing to conceal or retain. The dispute between Altran and Ford with respect to the divestiture order is one of interpretation. While Altran contends that the "additions" clause in the order applies to the "Autolite" name, along with the battery and spark plug facilities, it is Ford's position that the "additions" language applies just to the plants. Alternatively, Ford argues that the Ghosted GT is not an addition.

Court orders "must ordinarily be interpreted by examination of only the 'four corners' of the document." *United States v. Reader's Digest Ass'n, Inc.*, 662 F.2d 955, 961 (3d Cir. 1981). *See Eaton v. Courtalds of North America, Inc.*, 578 F.2d 87, 90 (5th Cir. 1978) ("If possible, we are required to analyze a contract's meaning by its language

without resort to extrinsic considerations.") (construing a consent decree). Should there be "any ambiguity or obscurity or if the judgment fails to express the rulings in the case with clarity or accuracy, reference may be had to the findings and the entire record for the purpose of determining what was decided." *Security Mutual Casualty Co. v. Century Casualty Co.*, 621 F.2d 1062, 1064 (10th Cir. 1980). *See United States v. Motor Vehicles Manufacturers' Ass'n*, 643 F.2d 644, 650-51 (9th Cir. 1981) ("While the district court is bound to construe the judgment by the meaning to be found within its 'four corners,' the court may also consider the surrounding circumstances at formation as aids in construing the judgment.") (citations omitted); *Eaton v. Courtalds of N.A., Inc.*, 578 F.2d at 91 ("Where ambiguities exist in the language of a consent decree, the court may turn to other 'aids of construction,' such as other documents to which the consent decree refers, as well as legal materials setting the context for the use of particular terms."). Moreover, "prohibited conduct will not be implied from such orders; . . . they are binding only to the extent they contain sufficient description of the prohibited or mandated acts. The long-standing, salutary rule in contempt cases is that ambiguities and omissions in orders redound to the benefit of the person charged with contempt." *Ford v. Kammerer*, 450 F.2d 279, 280 (3d Cir. 1971). In making these determinations, it "is our responsibility to construe a judgment as to give effect to the intention of the court, not to that of the parties." *United States v. 60.22 Acres of Land, More or Less, Situate in Klickitat County, State of Washington*, 638 F.2d 1176, 1178 (9th Cir. 1980).

With these principles in mind, we undertake the difficult task of determining whether the "additions"

language of the 1970 divestiture order applies to the Autolite name.[10] The four corners of the divestiture order are not particularly helpful. Attached as it is to the end of the paragraph, the "additions" clause could logically be given either of the readings urged by the parties. There is nothing in the order which would favor one reading over the other. No provision in the order specifically covers the Ghosted GT. Moreover, neither reading, if adopted, would do injustice to the overall tenor of the order, nor would either alter or render meaningless a specific provision.[11] In short, there

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10. Were we to resolve this question in Altran's favor, we would be compelled to find that the Ghosted GT is an addition to the "Autolite" name. At the time of the 1970 order, the Ghosted GT appeared below the Autolite name on both packaging and advertisements. Prior to the introduction of the Ghosted GT, Ford used no other strong symbol to identify the "Autolite" name. Additionally, affidavits and testimony of former Ford employees, in particular, Robert Isom, Roy Knipper, Kenneth Myers, Glenn Hanna and W. Peter Lasher, strongly suggest that the Ghosted GT was designed as an addition to the "Autolite" name. Clearly, the plain meaning of the word "additions," when interpreted consistent with the above evidence, indicates that the term encompasses the Ghosted GT.

11. Ford argues, quite strenuously, to the contrary. First, it complains that if the reading of the "additions" language urged by Altran is adopted, it would never be able to replace the "Autolite" name. This argument is specious, since the order clearly contemplated that any replacement for the "Autolite" name made after the divestiture was final would be allowed. Second, Ford states that Section VI(B) of the order gives it the right to continue the uninterrupted use of any name other than the "Autolite" name (with the exception being a five-year ban on the use of any mark on spark plugs), and that implicit in this right is Ford's right to use the Ghosted GT. The contention misses the point. Section VI refers only to the "Autolite assets," defined earlier in the order as the "Autolite" name and the battery and spark plug plants. To interpret Section VI, then, we must determine whether the Ghosted GT

is no clear indication on the face of the order as to the scope of the "additions" language.

Because the "additions" clause is ambiguous, we are forced to rely on the circumstances surrounding the drafting of the order and other aids of construction. We stress again that the order is to be construed according to the divestment court's intent, not the intent of the parties. *United States v. 60.22 Acres of Land*, 638 F.2d at 1178. Both Altran and Ford offer considerable evidence as to what the parties to the 1970 divestiture order knew, thought, or intended. For example, Altran relies heavily on sworn statements by the Justice Department attorneys who handled *U.S. v. Ford*, statements which voiced those attorneys' belief that the "additions" language of the 1970 order required Ford to divest the Ghosted GT. On the other hand, Ford claims that the Justice Department actually knew, or at least had constructive knowledge of the link between the Ghosted GT and the "Autolite" name. To that end, Ford offers evidence of its extensive marketing of the Ghosted GT, and a letter sent by an unidentified person to the Justice Department person pointing out Ford's use of the Ghosted GT with the "Autolite" name prior to divestiture, and its use of the Ghosted GT with the "Motorcraft" name after divestiture. Ford contends that this knowledge, when combined with the lack of an explicit provision in the divestment order covering the Ghosted GT or any post-order action to prevent Ford's continuing use of the Ghosted GT, evinces the government's intention not to

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was made one of the "Autolite assets" by virtue of the "additions" language. Ford skips this step. Only upon a determination that the "additions" language does not refer to the "Autolite" name would Ford have a right to use the Ghosted GT under Section VI.

include the Ghosted GT among the divested assets.[12] Altran counters with affidavits from the Justice Department attorneys demonstrating that the government had no knowledge of the connection between the Ghosted GT and the "Autolite" name and therefore had no intention of allowing Ford to keep the Ghosted GT.

However, because this evidence concerns the state of mind of the parties to the divestiture proceeding, it is irrelevant. Most significant in our construction of the divestment order is the evidence offered to prove the divestiture court's mindset. To that effect, Ford provides convincing proof that the divestiture court did not intend the "additions" language to apply to the "Autolite" name, and in turn, the Ghosted GT.

For example, between the time that the Justice Department began legal proceedings and the time the divestment order was finalized, Ford linked the Ghosted GT to the "Autolite" name through extensive advertising and marketing. Automobile parts were sold in packaging bearing not only the "Autolite" name, but the Ghosted GT as well. To paraphrase the district court, Ford's use of the Ghosted GT was "open and notorious." A logical inference to be drawn from the public nature of Ford's retention of the Ghosted GT is that the divestiture court had knowledge of the fact that the Ghosted GT could have been the legitimate subject of the divestiture order.

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12. Ford also attempts to buttress its position with Justice Department briefs, the prayer for relief, and various statements made by the Justice Department attorneys, all of which refer only to the "Autolite" name and trademark, and not to the Ghosted GT. This evidence is irrelevant, simply because the Ghosted GT would be considered a part of the "Autolite" name were we to construe the "additions" language in a manner consistent with Altran's reading of the order.

But we need not rely solely on inference. Exhibit C, introduced at the hearing on relief prior to the drafting of the final order, clearly showed Ford's use of the Ghosted GT in conjunction with the Autolite mark. Under the circumstances, there can be little doubt that the divestiture court knew of the Ghosted GT.

Despite this knowledge, nothing in the divestment order specifically mentioned the Ghosted GT. It would seem that something so material and so vivid as the Ghosted GT would have drawn the divestiture court's attention during the drafting of the order. That it did not reflects the divestiture court's intention to divest only the "Autolite" name, and not the Ghosted GT addition. *See Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 83 (3d Cir. 1982) ("The degree of particularity . . . depends on the nature of the subject matter."). We are therefore not convinced that the divestiture court would have utilized the "additions" language as a means of including the Ghosted GT among the assets to be divested if it indeed intended that result.

Altran is not left without a viable argument. Before the drafting of the final order, Ford specifically requested the divestiture court to delineate the assets to be divested and to limit the "additions" phrase to the parts plants. This request was denied. Altran argues that this denial indicated the divestiture court's intent to apply the "additions" language to the "Autolite" name. But this evidence is not as persuasive as Altran suggests, since the divestiture court, fully aware of the request, did not make the "additions" language specifically applicable to the "Autolite" name. Clearly, Ford's request for the limiting language alerted the divestiture court that there would be

some disagreement about the scope of the divestiture order ultimately drafted. Since the divestiture court did not explain its reason for excluding the limiting language, there is little we can glean from this incident.

Our search beyond the four corners of the order, then, has produced mixed signals. On balance, though, these aids of construction favor a finding that the "additions" language does not apply to the "Autolite" name, and therefore, the 1970 divestment order did not require Ford to divest the Ghosted GT. Particularly germane to this case is the "long-standing, salutary rule" that "ambiguities and omissions in orders redound to the benefit of the person" allegedly disobeying the order. *Ford v. Kammerer*, 450 F.2d at 280.[13] Given the facial ambiguity of the order, the evidence supporting Ford's construction of the 1970 order, the lack of any reference to the Ghosted GT in the order, and the difficulty in interpreting an order twenty years after the fact, we believe that the application of this rule requires construing the order in favor of Ford. Because we conclude that there is no set of facts on which Altran could possibly prevail, we will affirm the district court's grant of summary judgment to Ford on Altran's RICO counterclaim.[14]

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13. Lending additional support to this interpretation is the general principle that a court order must be drafted with reasonable specificity. Fed. R. Civ. P. 65(d); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d at 83-84.

14. Since we find that the 1970 divestiture order did not require Ford to divest the Ghosted GT, we need not, and do not, address Altran's contentions that Ford committed mail and wire fraud in concealing its retention and use of the Ghosted GT, and that this fraud was actionable under RICO.

IV.

At the same time the district court ruled on the RICO counterclaim of Altran, it also denied Ford's motion for imposition of Rule 11 sanctions against Altran for making the counterclaim in the first place. Ford now seeks review of this denial.

A district court's decision with respect to Rule 11 sanctions is subject to review for abuse of discretion. *Cooter & Gell v. Hartmarx Corp.*, 110 S.Ct. 2447, 2461 (1990); *Jones v. Pittsburgh Nat. Corp.*, 899 F.2d 1350, 1357 (3d Cir. 1990).[15] The legal standard to be applied when evaluating conduct allegedly violative of Rule 11 is reasonableness under the circumstances, *Business Guides, Inc. v. Chromatic Communications Enterprises, Inc.*, __ S. Ct. __, __, 59 U.S.L.W. 4144, 4149 (1991) (No. 89-1500, decided Feb. 26, 1991), with reasonableness defined as an "objective knowledge or belief at the time of the filing of a challenged paper" that the claim was well-grounded in law and fact. *Jones v. Pittsburgh National Corp.*, 899 F.2d at 1359. *See Schering Corp. v. Vitarine Pharmaceuticals, Inc.*, 889 F.2d 490, 496 (3d Cir.

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15. Under Rule 11, every paper of a party represented by an attorney must be individually signed by one attorney of record. This signature represents that:

> the signer has read the pleading, motion or other paper; that to the best of the signer's knowledge, information, and belief formed after reasonable inquiry it is well grounded in fact and is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law, and that it is not interposed for any improper purpose, such as to harass or to cause any unnecessary delay or needless increase in the cost of litigation.

Fed. R. Civ. P. 11.

1989) ("The rule requires a reasonable inquiry into both the facts and the law supporting a particular pleading."). Generally, sanctions are prescribed "only in the 'exceptional circumstance' where a claim or motion is patently unmeritous or frivolous." *Doering v. Union County Board of Chosen Freeholders*, 857 F.2d 191, 194 (3d Cir. 1988) (citations omitted).

Although we have held that the district court properly granted summary judgment to Ford on Altran's RICO counterclaim, we do not find the claim to be utterly without merit. As we have noted, Altran's RICO counterclaim rises and falls with the interpretation of the 1970 divestiture order, specifically, whether the "additions" language applies to the "Autolite" name. Ford contends that the unambiguous language of the order preempts Altran's argument, and that any reasonable inquiry would have revealed the paucity of law and fact supporting Altran's position. But the language of the order is not as clear as Ford suggests. Indeed, we found it to be ambiguous. Were a number of individuals to read the order, it could reasonably be expected that a handful would adopt Altran's construction of the order. Most, we believe, would find the language ambiguous, but that is not to say that Altran's claim is frivolous. It seems that in most cases where a court order is ambiguous, any interpretation would be reasonable for the purposes of Rule 11, so long as it stays within the framework established by the surrounding language. Therefore, Altran's construction of the order, though we decline to adopt it, is nevertheless reasonable.

Altran is on shakier ground, though, with its allegation that Ford engaged in a pattern of racketeering activity by fraudulently concealing its

unlawful retention and use of the Ghosted GT. Several incidents purportedly support Altran's theory of fraudulent concealment. First, Altran states that Ford concealed its use of the Ghosted GT in connection with the "Autolite" name from the divestiture court and the Justice Department. This contention borders on the unbelievable, since Ford extensively advertised and marketed the Ghosted GT with the "Autolite" name before the final order, and exhibits presented by Ford at the relief hearing held prior to the final order clearly demonstrated such use.

Second, Altran argues that Ford intentionally delayed its legal campaign against alleged counterfeiters for almost a decade because it did not wish to attract attention to its unlawful retention of the Ghosted GT until after the Autolite divestiture had faded from memory. This contention, too, is without support in the record. Ford's timing in bringing its suits could be readily explained by the growing public awareness of the problem of counterfeit parts. That Ford had previously advertised, marketed, and sold automobile parts emblazoned with the Ghosted GT for many years, and had the "Motorcraft" name registered as a federal trademark, make Altran's argument even more incredible.

The final component of Altran's fraud claim saves it from the spectre of Rule 11 sanctions. Altran contends that in the court-ordered sale of Autolite assets to Bendix, Ford purposefully blacked out the Ghosted GT in a section of the sales agreement listing trademarks Ford desired to retain. According to Altran, this was done to prevent the Justice Department from discovering Ford's retention of the Ghosted GT in its final review of the sale. There is no doubt that the

Ghosted GT was blacked out; on the other hand, there is no proof that Ford knowingly and fraudulently eliminated the reference to the Ghosted GT in the Bendix sales agreement. Thus, it is possible that Ford did indeed commit an act of fraud. It is also possible that this act would constitute a pattern of racketeering activity under 18 U.S.C. § 1961(5). While these questions, which we do not decide today, pose formidable hurdles for Altran, we cannot say that Altran's claim in this respect is patently frivolous.

In short, we are unconvinced that the district court abused its discretion in denying Ford's motion seeking Rule 11 sanctions against Altran, since there was a reasonable, albeit tenuous, factual basis for the RICO counterclaim.

V.

A. *Copyright and Trademark Law*

We now focus our attention on the district court's denial of Ford's Rule 59 motion for a new trial, which followed a jury verdict in favor of Altran on claims that it infringed Ford's copyright and trademark rights. A denial of a motion for a new trial is reviewed "only for abuse of discretion unless the court's denial of the motion is based on the application of a legal precept, in which case our review is plenary." *Honeywell v. American Standards Testing Bureau, Inc.*, 851 F.2d 652, 655 (3d Cir. 1988). *See also Levinson v. Prentice-Hall, Inc.*, 868 F.2d 558, 562 (3d Cir. 1989); *Link v. Mercedes-Benz of North America*, 788 F.2d 918, 921 (3d Cir. 1986). Such denials are improper only if "the record is critically deficient of that minimum quantity of evidence from which a jury might

reasonably [decline to] afford relief." *Wagner v. Firestone Tire & Rubber Co.*, 890 F.2d 652, 656 (3d Cir. 1989) (citation omitted). Our duty "is to uphold the jury's award if there exists a reasonable basis to do so." *Motter v. Everest & Jennings, Inc.*, 883 F.2d 1223, 1230 (3d Cir. 1989). This scope of review has been described as "highly deferential." *Id.* at 1229.

Before evaluating the sufficiency of the evidence, we first look at the legal principles governing this case. Our analysis is divided into two parts. First, we will examine what Ford would need to show in order to prove a copyright violation, and second, what evidence would be required to establish a trademark violation.

(1) *Copyright Infringement*

Copyright infringement is established if the plaintiff proves that it owned the copyrighted material and that the copyrighted material was copied by the defendant. *Masquerade Novelty, Inc. v. Unique Industries, Inc.*, 912 F.2d 663, 667 (3d Cir. 1990); *Whelan Associates v. Jaslow Dental Laboratory*, 797 F.2d 1222, 1231 (3d Cir. 1986); *Major League Baseball Promotion Corp. v. Colour-Tex, Inc.*, 729 F. Supp. 1035, 1039 (D.N.J. 1990).

Certificates of registration issued by the U.S. Copyright Office constitute *prima facie* evidence of the validity and ownership of the material. *Andrien v. Southern Ocean County Chamber of Commerce*, __ F.2d __, __ (3d Cir. 1991) (slip op. at 6) (Nos. 90-5622 & 90-5623, filed March 1, 1991); *Williams Electronics, Inc. v. Artic International, Inc.*, 685 F.2d 870, 873 (3d Cir. 1982). Copying is a "shorthand reference to the act of infringing any of the copyright owner's five exclusive rights set forth at

17 U.S.C. § 106," *Paramount Pictures v. Video Broadcasting Systems*, 724 F.Supp. 808, 819 (D. Kan. 1989), including the rights to distribute and reproduce copyrighted material. Because direct evidence of copying is rarely available, it may be inferentially proven by "showing that the defendant had access to the allegedly infringed work, . . . that the allegedly infringing work is substantially similar to the copyrighted work," *Whelan Associates v. Jaslow Dental Laboratory*, 797 F.2d at 1232, and, of course, that one of the rights guaranteed to copyright owners by 17 U.S.C. § 106 is implicated by the defendant's actions.

"Substantial similarity" can be broken down into two tests, both of which must be met. The first, termed the "extrinsic test," is "whether there is sufficient similarity between the two works in question to conclude that the alleged infringer used the copyrighted work in making his own." *Id.* In making this determination, expert testimony and a visual comparison between the copyrighted work and the allegedly infringing work are frequently utilized. *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d 904, 907 (3d Cir. 1975). A second test of "substantial similarity," called the "intrinsic test," is whether, from a lay perspective, the copying was an unlawful appropriation of the copyrighted work. *Whelan Associates v. Jaslow Dental Laboratory*, 797 F.2d at 1232; *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d at 907. "Unlawful appropriation" has been defined as "a taking of the independent work of the copyright owner which is entitled to the statutory protection." *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d at 908. Several factors should be considered when determining if an appropriation occurred, including the reciprocal relationship between creativity and independent

effort,[16] "the nature of the protected material, and the setting in which it appears." *Id.* In short, copying is demonstrated when someone who has access to a copyrighted work uses material substantially similar to the copyrighted work in a manner which interferes with a right protected by 17 U.S.C. § 106.[17]

(2) *Trademark Infringement*

Trademark infringement is established if the plaintiff proves that "(1) the marks are valid and legally protectable; (2) the marks are owned by the plaintiff; and (3) the defendant's use of the marks to identify goods or services is likely to create confusion concerning the origin of the goods or services." *Opticians Ass'n of America v. Independent Opticians of America*, 920 F.2d 187, 192 (3d Cir. 1990).

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16. In other words, the greater the level of creativity and originality, the less the level of independent effort that need be shown. Or conversely, where independent effort is great, a lower level of creativity will be accepted. *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d at 908.

17. Section 106 of the Copyright Act states in relevant part:

> Subject to sections 107 through 118, the owner of copyright under this title has the exclusive rights to do and authorize any of the following:
>
> (1) to reproduce the copyrighted work in copies or phonorecords;
>
> (2) to prepare derivative works based upon the copyrighted work;
>
> (3) to distributed copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending . . . .

17 U.S.C. § 106.

If the mark at issue was federally registered and had become "incontestable", pursuant to 15 U.S.C. §§ 1058 and 1065, validity, legal protectability, and ownership are proved. *Id.* at 194. Where a mark has not been federally registered or has not achieved inconstestability, validity depends on proof of secondary meaning, unless the unregistered or contestable mark is inherently distinctive. *A.J. Canfield Co. v. Honickman*, 808 F.2d 291, 296 (3d Cir. 1986); 1 McCarthy, *Trademarks and Unfair Competition* (2d ed. 1984) at §§ 11:16, 15:1.[18] Secondary meaning is

18. One exception to the application of the secondary meaning analysis, in the absence of federal registration and incontestability, is where the mark is considered inherently distinctive. *United States Jaycees v. Philadelphia Jaycees*, 639 F.2d 134, 142 (3d Cir. 1981). *See* 1 McCarthy, *Trademarks and Unfair Competition* at §§ 15:1, 15:2. Distinctive marks include those which are arbitrary, fanciful, or suggestive. Arbitrary marks are "those words, symbols, pictures, etc., which are in common linguistic use but which, when used with the goods or services in issue, neither suggest nor describe any ingredient, quality or characteristic of those goods or services." 1 McCarthy, *Trademarks and Unfair Competition* at § 11:4. Fanciful marks "consist of 'coined' words which have been invented for the sole purpose of functioning as a trademark." *Id.* at § 11:3. Marks such as "letters, numbers, product and container shapes, and designs and pictures may also be classed as 'fanciful.'" *Id.* Suggestive marks are virtually indistinguishable from arbitrary marks, *id.* at § 11:4, but have been defined as marks which suggest a quality or ingredient of goods. *Id.* at § 11:20. The secondary meaning analysis is used for marks which are merely "descriptive." A mark is considered descriptive if it describes "the intended purposed, function, or use of the goods; of the size of the goods, of the class of users of the goods, of a desirable characteristic of the goods, or of the end effect upon the user." *Id.* at § 11:5. *See A.J. Canfield Co. v. Honickman*, 808 F.2d at 296-97. The characterization of a mark is a factual issue for the jury. *See e.g. Sun-Fun Products, Inc. v. Suntan Research & Development, Inc.*, 656 F.2d 186 (5th Cir. 1981); *Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178 (5th Cir. 1980).

demonstrated where, "in the minds of the public, the primary significance of a product feature or term is to identify the source of the product itself." *Freixenet, S.A. v. Admiral Wine & Liquor Co.*, 731 F.2d 148, 152 (3d Cir. 1984) (citation omitted). "Although there are numerous cases determining secondary meaning, there is no consensus on its elements." *American Scientific Chemical, Inc. v. American Hospital Supply Corp.*, 690 F.2d 791, 792 (9th Cir. 1982). A non-exclusive list of factors which may be considered includes the extent of sales and advertising leading to buyer association, length of use, exclusivity of use, the fact of copying, customer surveys, customer testimony, the use of the mark in trade journals, the size of the company, the number of sales, the number of customers, and actual confusion. *See CIBA-GEIGY Corp. v. Bolar Pharmaceutical Co., Inc.*, 747 F.2d 844, 852 (3d Cir. 1984); *20th Century Wear, Inc. v. Sanmark-Stardust Inc.*, 747 F.2d 81, 90 (2d Cir. 1984); *Freixenet, S.A. v. Admiral Wine & Liquor Co.*, 731 F.2d at 152; *American Scientific Chemical, Inc. v. American Hospital Supply Corp.*, 690 F.2d at 792-93; *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1228 (3d Cir. 1978); 1 McCarthy, *Trademarks and Unfair Competition* at §§ 15:10-21.

With respect to ownership of unregistered marks, the first party to adopt a trademark can assert ownership rights, provided it continuously uses it in commerce. *Tally-Ho, Inc. v. Coast Community College District*, 889 F.2d 1018, 1022-23 (11th Cir. 1989) ("actual and continuous use is required to acquire and retain a protectible interest in a mark," while the "first to use a mark on a product . . . in a . . . market acquires rights in the mark in that market"); *Hydro-Dynamics, Inc. v. George Putnam & Co., Inc.*, 811 F.2d 1470, 1473

(Fed. Cir. 1987) ("trademark rights in the United States are acquired by . . . adoption and use, not by registration); *Kohler Mfg. v. Beeshore*, 59 F. 572, 576 (3d Cir. 1893) (there must be an intention "to adopt [the mark] as a trademark"); *Caesar's World, Inc. v. Caesar's Palace*, 490 F. Supp. 818, 822 (D.N.J. 1980) ("Common law rights are acquired in a . . . mark by adopting and using the mark . . . .").

Besides validity and ownership, a plaintiff must also prove likelihood of confusion, which is said to exist "when the consumers viewing the mark would probably assume that the product or service it represents is associated with the source of a different product or service identified by a similar mark." *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d at 1229. "Proof of actual confusion is not necessary; likelihood is all that need be shown." *Opticians Ass'n of America v. Independent Opticians of America*, 920 F.2d at 195. The likelihood of confusion analysis requires the evaluation of a number of factors, among them:

> (1) the degree of similarity between the owner's mark and the alleged infringing mark; (2) the strength of owner's mark; (3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase; (4) the length of time defendant has used the mark without evidence of actual confusion arising; (5) the intent of the defendant in adopting the mark; (6) the evidence of actual confusion; (7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media; (8) the extent to which the targets of the parties' sale efforts are the same; (9) the relationship of the goods in the minds of the

public because of the similarity of function; (10) other facts suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant's market.

Scott Paper Co. v. Scott's Liquid Gold, Inc., 589 F.2d at 1229.

Perhaps the most important of these factors is the first on the *Scott Paper* list: the degree of similarity between the two marks. We recently held that "if the overall impression created by marks is essentially the same, 'it is very probable that the marks are confusingly similar.'" *Opticians Ass'n of America v. Independent Opticians of America*, 920 F.2d at 195 (quoting 2 McCarthy, *Trademarks and Unfair Competition* at § 23:7).

One other point with regards to likelihood of confusion merits discussion. It is well-established that likelihood of confusion "should be determined by viewing the two marks from the perspective of an ordinary consumer of the goods or services." *Dominion Bankshares Corp. v. Devon Holding Co., Inc.*, 690 F. Supp. 338, 345 (E.D.Pa. 1988). *See* 2 McCarthy, *Trademarks and Unfair Competition* at §§ 23:27-29. The degree of caution used by these ordinary consumers (or "reasonably prudent buyers," as they are often called) depends on the relevant buying class. That is, some buyer classes, for example, professional buyers, or consumers of very expensive goods, will be held to a higher standard of care than others. Where the buyer class "consists of both professional buyers and consumers then the issue will center on the consumers, for confusion within the lowest stratum of 'reasonably prudent buyers' may give rise to liability even if professional buyers in the market are not confused." *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. 1417, 1448 (S.D. Ohio

1990). *See* 2 McCarthy, *Trademarks and Unfair Competition* at § 23:28 (if "the relevant buyer market consists of both discriminating and casual purchasers, the court must give consideration to likely confusion of the casual, ordinary buyers."). Thus, when a buyer class is mixed, the standard of care to be exercised by the reasonably prudent purchaser will be equal to that of the least sophisticated consumer in the class.

B. *The Transgo "Shift Kit" Infringement*

In light of this survey of the relevant law, we must now decide if there was a sufficient quantum of evidence presented at trial to uphold the jury's verdict. Two separate allegations of copyright and trademark infringement were leveled against Altran. We will examine each allegation in turn.

The facts underlying Ford's first allegation are largely undisputed. At trial, it was established that for approximately ten years, Altran purchased "Shift Kit" automotive valve body kits from Transgo, a manufacturer of automobile transmission parts. These valve body kits were individually packaged by Transgo in boxes bearing trade dress closely resembling the Ghosted GT.[19] Altran would then resell the transmission kits in the original packaging. Ford charges that the act of reselling the kits with the Ghosted GT trade dress violated both copyright and trademark laws.

(1) *The Copyright Claim*

To succeed on its copyright claim, Ford had to prove ownership and copying. *Whelan Associates v. Jaslow Dental Laboratory*, 797 F.2d at 1231. At

19. Transgo has since changed the "Shift Kit" trade dress, retaining the "Shift Kit" name but replacing the image of he blurred car.

trial, Ford introduced certified copies of United States Copyright Registrations issued to Ford for the Ghosted GT, and an affidavit stating that Ford created the Ghosted GT in conjunction with Ford and Earl Design Associates in 1966. The registrations themselves are *prima facie* proof of Ford's ownership of the Ghosted GT and its validity, *Williams Electronics, Inc v. Artic International, Inc.*, 685 F2d at 873, while the affidavit further reinforces the idea that Ford created and owns the Ghosted GT.

Ford did not present any direct evidence that the "Shift Kit" packaging was actually copied from the Ghosted GT, but rather, attempted to prove it inferentially. The predicate to demonstrating copying is a showing that Ford had an exclusive right as owner of the copyright. Since it is undisputed that Altran sold parts in boxes with trade dress resembling the Ghosted GT, Ford's right under 17 U.S.C. § 106(3) to distribute copies to the public by sale is obviously implicated. *Ford Motor Co. v. B & H Supply, Inc.*, 646 F. Supp. 975, 989 (D. Minn. 1986). It also seems clear that because the Ghosted GT trade dress was distributed nationally via advertisements and reproductions on parts packaging, Altran had ready access to the Ghosted GT.

The only remaining question with respect to the copyright claim against Altran for selling the "Shift Kit" valve body kits is whether the Ghosted GT and "Shift Kit" trade dress are substantially similar. A comparison between the two reveals that the trade dresses are virtually identical. Both bear the blurred blue image of a speeding car;[20] indeed, it

20. Ford's Ghosted GT appears on Ford packaging in several different color schemes including blue, dark blue and white, and red, black and white.

appears that the "Shift Kit" speeding car is no more than a photo-mechanical copy of Ford's Ghosted GT. The only difference occurs at the top of the packaging, where either the trademark "Shift Kit" and related information or a "Ford" trademark and the name "Motorcraft" appears. Thus, the extrinsic copying test is satisfied. *See Whelan Associates v. Jaslow Dental Laboratory*, 797 F.2d at 1232.[21]

Additionally, Ford prevails on the intrinsic test for determining substantial similarity, since there can be little doubt that the copying was an unlawful appropriation. The factors which we stressed as important in *Universal Athletic Sales Co. v. Salkeld*, 511 F.2d at 908, all point to finding that the Ghosted GT was illicitly appropriated. For example, the level of creativity and independent effort on Ford's part was great. The Ghosted GT is not merely a representation of a car, but was creatively designed in such a way as to capture the elements of speed and performance. Furthermore, Ford did not settle for a blurred photograph of a Ford Mustang GT to convey that image, but worked with a design company to create a graphic simulating such a photograph. That Ford created the graphic is also important in another sense, since artistic works are more likely to be protected than works of a more commercial nature. *Id.* We conclude that the Ghosted GT was unlawfully appropriated. Ford has therefore met, to our satisfaction, its burden of proving copying.

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21. Located in the upper left hand corner of the "Shift Kit" trade dress is a block "Ford" enclosed in a rectangle. Ford argues that this use of the word "Ford" constitutes an independent basis for finding copyright and trademark infringement. Altran claims that the word is used merely to inform the consumer that the part purchased is designed for a Ford automobile. Because our resolution of this case relates solely to the use of the "Ghosted GT," we will not address this dispute.

Hence, there is a presumption that Ford has established the elements of a copyright infringement. *See e.g. Keller Brass Co. v. Continental Brass Co.*, 862 F.2d 1063, 1065 (4th Cir. 1988); *Benson v. Coca-Cola Co.*, 795 F.2d 973, 974 (11th Cir. 1986); *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1018 (9th Cir. 1985). But Altran attempts to rebut the presumption of copying on two grounds.

First, Altran argues that Transgo independently created the Ghosted GT. If indeed the Ghosted GT was independently created, Altran could not have committed a copyright violation by its actions. *Id.* To that end, Altran offered the testimony of Gil Younger, the president of Transgo. Younger claimed that the trade dress on his "Shift Kit" packaging was inspired by a poster of a race driver's car hanging on his office wall, and not by the Ghosted GT of Ford. The president of Altran, Alfred Schlanger, recollected seeing the poster on the wall in Younger's office.

Younger's testimony and Schlanger's corroboration are considerably weakened, though, by Younger's admission that the poster in his office might have been a Ford "Autolite" poster. Since Ford created the Ghosted GT in 1966, prior to Transgo's initial use of the trade dress, it is entirely possible that there was a Ford poster hanging on the wall. Moreover, Younger agreed to stop using the Ghosted GT on "Shift Kit" packaging at Ford's request, something Younger was unlikely to have done if he actually believed that the design on his packaging was independently created. Furthermore, the uncanny similarity between the Ghosted GT and the "Shift Kit" trade dress points in two different directions: either the "Shift Kit" trade dress was copied from an "Autolite" poster, or there

was no poster and Transgo copied it directly from the Ghosted GT. Neither supports an independent creation argument. Given these considerations, little weight should have been accorded the Younger testimony. Thus, this evidence falls well short of that minimum quantum needed to support Altran's independent creation theory.

Second, Altran posits that Ford abandoned its copyright by failing to affix a proper copyright notice to four million copies of the Ghosted GT which appeared in Ford catalogs and parts lists. "In general, publication of a work without a proper notice of copyright affixed injects the work into the public domain." *Shapiro & Son Bedspread Corp. v. Royal Mills Ass'n*, 764 F.2d 69, 72 (2d Cir. 1985). However, federal copyright law provides that omission of copyright notice will not invalidate a copyright if "the notice has been omitted from no more than a relatively small number of copies . . . distributed to the public." 17 U.S.C. § 404(a)(1). There is no easy answer to the question of what constitutes "a relatively small number of copies." *Donald Frederick Evans and Associates, Inc. v. Continental Homes, Inc.*, 785 F.2d 897, 909-10 (11th Cir. 1986) ("Courts and commentators disagree as to what constitutes 'no more than a relatively small number of copies.'"). Whatever the result may be in a given case, the question of what is a relatively small number "cannot be answered merely by reference to an absolute number . . . . The question must be answered on a case-by-case basis in light of the totality of the circumstances." *Id.* at 910.

This vexatious question, however, is not properly before us, since the jury never reached the issue of abandonment through publication without notice. The verdict form, in relevant part, read as follows:

1. Do you find Altran Corporation has infringed a Ford Motor Company copyright?

YES ___ NO ___

If, but only if, your answer to question 1 was "YES", answer question 2; . . .

2. Has Ford abandoned the "Speeding Car" copyright?

YES ___ NO ___

In filling out this form, the jury checked "NO" in answer to question one. It did not check anything for question two. We presume, then, that the jury believed the independent creation argument of Altran, and therefore saw no need to address the abandonment issue. We will not address it for the first time in this appeal.[22]

We do note, though, that the evidence in the record before us now may not support a finding of abandonment. Consistent with its burden of proof, Altran did demonstrate that Ford failed to affix copyright notice to its Ghosted GT four million times. While in an abstract sense, four million is a large number, it becomes "relatively small" in the context of the case. The omissions occurred in catalogs sent only to Ford dealerships or within the Ford parts distribution network. Such a limited pattern of distribution minimizes the dimensions of Ford's failure to comply with copyright requirements. Ford also introduced evidence, which if true, establishes that it affixes its copyright

22. Although seemingly not argued on appeal, Altran raised a statute of limitations defense during the trial. Again, the jury verdict form makes it clear that the jury did not reach the issue, and thus, neither will we. It can be appropriately resolved during a new trial.

notice to well in excess of one hundred million pieces of packaging annually.[23] Thus, it is possible that there was a maximum omission rate of four percent (four million out of one hundred million),[24] and the omissions that did occur were not widely distributed. We do not believe that under the totality of those circumstances, Ford omitted notice on more than a relatively small number of Ghosted GT copies.

To conclude our analysis of the Transgo copyright claim, we hold that Ford established the necessary elements of a copyright infringement, which Altran failed to rebut. Altran's evidence of independent creation was woefully inadequate, making it clear that the jury had no basis for declining Ford relief.

(2) *The Trademark Claim*

Aside from the alleged copyright violations, Ford also argued at trial that Altran infringed its trademark rights by selling the "Shift Kits." Ford needed to prove three things in order to succeed. *See Opticians Ass'n of America v. Independent Opticians of American*, 920 F.2d at 192. First, it had to demonstrate that the Ghosted GT has secondary meaning; in other words, that the Ghosted GT represented Ford, and not automobile

23. We do acknowledge that Ford's evidence at trial in this regard was suspect. Ford failed to produce a witness who could testify from personal knowledge that Ford affixed its copyright to Ghosted GT packaging. Moreover, there is no physical evidence demonstrating that Ford affixes copyright notice to the Ghosted GT packaging.

24. The omission rate is probably considerably lower, since the one hundred million figure was a conservative one, and since it is a yearly figure, while the number of omissions presumably accumulated over a period of years.

parts generally.[25] *Freixenet, S.A. v. Admiral Wine & Liquor Co.*, 731 F.2d at 152. Utilizing the multi-factor analysis which our cases suggest, we believe that Ford proved secondary meaning. To begin, there was some evidence of actual confusion, since several of Altran's witnesses (e.g. Gerald Kimmelman) recognized that the Ghosted GT represented Ford. Running counter to that testimony are the statements of "industry" witnesses (i.e. repair shop owners) presented by Altran that the Ghosted GT did not signify Ford. There is no indication of what average consumers, rather than industry insiders, think. Hence, we are reluctant to give any of the above testimony determinative weight.

Ford nevertheless presents a considerable amount of additional evidence on the issue of secondary meaning that fits neatly within the framework of our multi-factor analysis. For example, the Ghosted GT was used from the late 1960s to the present time, during which Ford had parts sales of eighteen billion dollars and spent 118 million dollars on advertising and marketing the Ghosted GT, including advertising in trade journals. It should be noted that the advertising in trade journals rebuts Altran's claim that industry experts were not confused, since they were obviously a primary target of Ford's advertising campaign. Moreover, Ford is a very large company. These facts paint a very convincing picture of

25. We presume that the jury found the Ghosted GT to be descriptive, a finding we do not consider clearly erroneous. As we noted earlier, distinctive marks, unless federally registered and incontestable, are protected only upon a showing of secondary meaning. Had the jury determined that the Ghosted GT was inherently distinctive, secondary meaning would be presumed. Additionally, we note now, but save for further discussion later in the opinion, the fact that the Ghosted GT was not federally registered at the time this case was argued.

secondary meaning, and therefore must be accorded considerable weight. Another vitally important factor is evidence of copying: it can be inferred from the close resemblance of the trade dresses at issue that Transgo did indeed copy the Ghosted GT.

The only relevant response Altran musters is the vague claim that because the Ghosted GT is or was not used without the "Motorcraft" or "Autolite" name, Ford itself must not have believed that the Ghosted GT had attained secondary meaning. A flaw in this reasoning is the widespread use of the Ghosted GT by parts counterfeiters, indicative that the symbol did represent Ford to buyers. On balance, secondary meaning was clearly established.

A second element Ford had to prove for its trademark claim to succeed was ownership. During the relevant time period, the Ghosted GT was not a registered trademark,[26] so this trademark infringement claim was brought as a common law action. Ford's ownership of the Ghosted GT cannot be seriously questioned—it was the first party to adopt the trademark, and it has continuously used the Ghosted GT since the late 1960s. *Tally-Ho Inc. v. Coast Community College District*, 889 F.2d at 1022-23.

The final element in Ford's case for trademark infringement is likelihood of confusion. Likely confusion requires a multi-factor analysis similar to the one we engaged in during our discussion of secondary meaning, *see Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d at 1229, and is to be evaluated from the standpoint of a reasonably prudent buyer occupying the lowest stratum of the

26. Ford is in the process of obtaining a trademark registration for the Ghosted GT, if it has not already done so.

relevant buyer class. *See Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp at 1448. Again, the factors indicate unequivocally a likelihood of confusion. Highly probative is the degree of similarity between the competing trade dresses. *Opticians Association of America v. Independent Opticians of America*, 920 F.2d at 195. To stress a point made several times already, the "Shift Kit" trade dress and the "Ghosted GT" trade dress are almost identical. This fact alone gives rise to a strong inferrence of confusion.

But Ford has many other evidentiary weapons in its arsenal. The Ghosted GT is a strong mark, having been used for more than twenty years, having been extensively advertised and marketed, and having a distinctive design. Although Ford's "Motorcraft" products do not directly compete against Transgo transmission kits, Ford does market and sell to the same group of consumers closely related products in a manner similar to that utilized by Altran. Additionally, Ford's leading role in the automobile industry suggests that it is widely perceived as a party that would indeed manufacture a product in Altran's market. Lastly, intentional infringement can be inferred, since Altran, while it was selling "Shift Kit" valve body kits with Ghosted GT trade dress, knew that the Ghosted GT was used by Ford.

Altran does offer the testimony of industry witnesses who state that the professional buyer class did not confuse Transgo packaging with Ford packaging. However, this evidence is largely irrelevant. We are dealing in this case with a mixed buying class: professional buyers as well as the ultimate consumer, the car owner. In accordance with our understanding of the law, likelihood of confusion must be surveyed from the perspective

of the ordinary consumer, and not the professional buyer. *Worthington Foods, Inc. v. Kellogg Co.*, 732 F. Supp. at 1448; 2 McCarthy, *Trademarks and Unfair Competition* at § 23:28. Hence, Altran's evidence, while perhaps indicative of the level of confusion experienced by the more expert members of the buying class, does little to prove confusion among the other members of the class, and cannot be accorded much significance.

It is apparent, then, that during the trial Ford not only proved secondary meaning and ownership, but it also demonstrated likelihood of confusion. Altran's evidence, on the other hand, does not adequately counter Ford's proof, falling well short of that critical minimum needed to affirm the jury's verdict with respect to the Transgo trademark claim. We believe a new trial on Ford's allegation of copyright and trademark infringement against Altran for selling Transgo "Shift Kit" valve body kits is an appropriate remedy.

C. *The Summit Plastic Bag Infringement*

Ford made another allegation of copyright and trademark infringement against Altran, this one concerning Altran's dealings with Summit Motor Products. It was Ford's position during the trial that over a period of many years, Altran sold to Summit plastic bags with trade dress closely resembling the Ghosted GT trade dress used by Ford, and that Summit subsequently sold parts in those bags. According to Ford, a plastic bag sealing machine facilitated those efforts by printing Ford parts numbers on the bags and then sealing them.

Several witnesses testified on Ford's behalf. Sanford Landa, the president of Summit, guessed that he had purchased plastic bags from Altran with the Ghosted GT trade dress through 1984,

stated that Summit put a "minor" number of parts in those bags, and believed that the parts were sold in those bags until 1984. However, the district court apparently considered Landa less than convincing, since it characterized his testimony as "all full of inconsistencies." Another witness, Michael Morales, a Summit employee, stated that he ordered bags from Altran on several occasions during the course of his employment, and that parts were sold in those bags. But his testimony was somewhat vague. For example, he could not recall the last time he placed an order for the Altran bags. Ford's private detective, Charles Baley, testified that during a raid on Summit he seized parts packaged in the counterfeit bags allegedly supplied by Altran, that there was a sealing machine and printing press on Summit premises, and that he found at least two rolls of the counterfeit bags. Baley's testimony was somewhat weakened by two admissions: first, he threw out the bags which contained parts; and second, he could not determine the origin of the bags. Moreover, it is unclear from Baley's testimony just how many seized parts were found in plastic bags. Baley itemized twenty-two separate items, but apparently a number of them were packaged in envelopes and boxes.

Ford also produced photos of the sealing machine and the distribution area, and two spools of bags supplied by Altran to Summit, one dated 1975, the other 1979. Additionally, Ford presented Summit invoices indicating purchases from Altran. These invoices, however, did not reflect what items were actually purchased. Ford did not present any witness who actually saw the sealing machine in operation. Nor could Ford produce any direct evidence that Summit parts were sold in Altran

counterfeit bags. It did, however, demonstrate that some parts dealers returned counterfeit Ghosted GT plastic bags containing non-Ford parts to Ford in order to receive credit. These bags were virtually identical to those given to Summit by Altran.

Altran disputes Ford's interpretation of the evidence. Altran's president, Alfred Schlanger, testified that in the late 1970s, he bought packaging material from his former employer, who was bankrupt. Found among the materials were a few rolls of plastic bags having trade dress resembling Ford's Ghosted GT packaging. At first, Schlanger intended to throw the bags out, but when Summit's Landa mentioned in a conversation that Summit had obtained a sealing machine and needed plastic bags to test it, Schlanger gave the plastic bags to Summit at no charge. Schlanger stated that he did not believe the bags would be used to package parts destined for sale.

Whether or not Schlanger's version of the incident is true is a matter of witness credibility. Apparently, the jury embraced Schlanger's story. We cannot find fault with this decision. But even accepting Schlanger's testimony as true, the overwhelming weight of the evidence nevertheless leads to a finding of infringement.

(1) *The Copyright Claim*

We begin with the copyright claim. Aside from the differing circumstances, the evidence in the Summit infringement is substantially the same as the evidence presented in the Transgo infringement. Therefore, we find that Ford established its ownership of the Ghosted GT copyright and Altran's access to the copyright. Moreover, both the extrinsic and intrinsic tests of

substantial similarity have been met. Regarding the extrinsic test, a visual examination of the Altran bags reveals printed red and black speeding cars practically identical to the Ghosted GT. Altran's argument that the copyright passed into the public domain by virtue of publication without notice must be disregarded because it was not considered by the jury. The copyright infringement claim, then, boils down to a question of whether a right guaranteed by section 106 of the Copyright Act was abridged. 17 U.S.C. § 106.

Only one of the enumerated rights in section 106 could conceivably apply in this instance, namely, the right under section 106(3) to "distribute copies . . . of the copyrighted work to the public by sale or other transfer of ownership." Altran contends that a one-time gift to another person does not implicate section 106(3). We disagree. That the bags were a gift is of no import. The term "other transfer of ownership" is broad enough to encompass gifts. In fact, the House Report on the 1976 Amendment to the Copyright Act states during the course of a discussion on section 106(3) that the copyright owner has the right to control public distribution, "whether by sale, *gift*, loan, or some rental or lease arrangement." H.R. REP. NO. 94-1476, 94th Cong., 2d Sess. 62, *reprinted in* 1976 U.S. Code Cong. & Admin. News 5675-76 *and* 17 U.S.C.A. § 106 (West 1977) (Historical Note) (emphasis added). This report clearly indicates legislative intent to include gifts within the scope of section 106(3).

In addition, Altran seems to argue that Schlanger did not intend to infringe any copyright law, and only gave the plastic bags to Landa so that Landa could test his machine. But it "is settled law that innocent intent is generally not a

defense to copyright infringement." *Williams Electronics, Inc. v. Artic International, Inc.*, 685 F.2d at 878.[27]

Altran also claims that section 106(3) is inapplicable because the gift to Landa was not a distribution to the "public." This argument fails because even one person can be the public for the purposes of section 106(3). The term "public" is not defined in the Copyright Act. Thus, we need to look elsewhere for a definition. Our search commences with the observation that the right protected by section 106(3) is generally referred to as that of publication. *See id.* (stating that section 106(3) "establishes the exclusive right of *publication*." (emphasis added)). Indeed, the statutory definition of "publication" is "the distribution of copies . . . of a work to the public by sale or other transfer of ownership," 17 U.S.C. § 101, a definition which tracks the language of section 106(3). "Publication" and the exclusive right protected by section 106(3), then, are for all practical purposes, synonymous. Therefore, any clarification of what is meant by "publication" would also clarify what is meant by section 106(3), and in particular, the term "public."

Courts have held that when deciding if a common law "publication" occurred, the "number of persons receiving copies is not determinative; a general publication may be found when only one copy of the work reaches a member of the general public . . . ." *Brown v. Tabb*, 714 F.2d 1088, 1091 (11th Cir. 1983). *Accord Burke v. National Broadcasting Co., Inc.*, 598 F.2d 688, 691 (1st Cir. 1979) (publication can be found "where only one copy of the work passes to a member of the general

27. "On the other hand, the issue of the defendant's intent may affect the amount of damages available to the plaintiff." *Williams Electronics, Inc. v. Artic International, Inc.*, 685 F.2d at 878.

public").[28] Hence, because "publication" and the right protected by section 106(3) are the same, and because a "publication" can occur when only one member of the public receives a copyrighted work, it follows that a violation of section 106(3) can also occur when illicit copies of a copyrighted work are only distributed to one person. Obviously, in such a situation, damages may be limited, or even non-existent, but the liability for infringement remains.

Given this construction of section 106(3), there is no doubt that Altran's one-time gift to Summit's Sanford Landa of the plastic bags, however innocent, clearly falls within the scope of that section. As matter of law, therefore, Altran violated section 106(3) by its gift of the infringing bags. Thus, there was no evidence or law, to buttress the jury's finding that Altran did not infringe Ford's copyright by supplying the plastic bags to Summit.

(2) *The Trademark Claim*

Finally, we address the plastic bag trademark claim. The evidence on secondary meaning is the same in this instance as it was in the claim arising out of the "Shift Kit" sales, with one exception: Ford proved that counterfeit plastic bags resembling the ones Altran gave to Summit and containing non-Ford parts were returned to Ford for credit. This is strong proof of actual confusion, which points towards a finding of secondary meaning. We therefore remain convinced that the Ghosted GT has secondary meaning. Moreover, as

28. Both of these cases addressed the issue of whether a publication occurred such that a common law copyright passed into the public domain. While not directly relevant to the issue before us, the definitions they provide of "publication" are persuasive.

mentioned earlier, Ford has also proven ownership of a common law Ghosted GT trademark.

Likelihood of confusion is the only remaining issue in deciding whether a trademark infringement occurred. One factor in our analysis which bolsters Altran's position that there is no likely confusion concerns intent. Taking Schlanger's testimony as true, there was no intent by Altran to infringe Ford's trademark. Conversely, the trade dress on Ford packaging and the Altran-supplied plastic bags is very similar, which strongly indicates a likelihood of confusion. Other important factors in Ford's favor include the strength of the mark, the public expectation that Ford and Altran would compete in the same market, and Ford's evidence of parts returned for credit in bags almost identical to those Altran supplied to Summit. This latter evidence is solid proof of actual confusion.[29]

Ultimately, though, our decision depends on whether Summit actually packaged parts in those plastic bags. If evidence was presented supporting Altran's contention that Summit did not actually package or sell parts in those plastic bags, then the factors in the *Scott Paper* test relating to defendant's marketing efforts, channels of trade, targets of sale efforts, and similarity of function would all indicate that confusion was unlikely, since Summit was not marketing or selling goods with the infringing mark. But the only significant evidence presented on the issue was offered by Ford. The testimonies of Landa, Morales, and Baley, while thoroughly impeached, nonetheless

29. The testimony of industry insiders on likelihood of confusion should be given little weight, since, as was discussed in the Transgo analysis, the determination of likelihood of confusion must be made from the standpoint of a reasonably prudent buyer from the lowest stratum of the relevant buying class. In this case, that would be the ordinary car owner, and not an industry expert.

reveal that Summit did package at least a handful of parts in the counterfeit bags. For example, at least one or two of the twenty-two items Baley seized were apparently packaged in Altran bags. Even a few minor transgressions,[30] though, are enough to shift the *Scott Paper* factors regarding marketing and sales in Ford's favor. We can only conclude, then, that there was a likelihood of confusion. Ford has therefore proven to our satisfaction secondary meaning, ownership, and likelihood of confusion. Again, Altran's evidence to the contrary provided an insufficient basis for the jury to find otherwise. As such, a new trial on both the "plastic bag" trademark claim and the related copyright claim is justified.

D. *Conclusion*

To summarize, we hold that there was insufficient evidence to uphold the jury's verdict for Altran and that the district court did not properly exercise its discretion in denying Ford's motion for a new trial. We are fully aware that new trials are infrequently given and generally disfavored. But it is clear from the record that too much weight was accorded to the subjective testimony of the witnesses at trial. Inusfficient consideration was given to the objective evidence, most of which strongly favored Ford's position, and the governing law. Granted, in many cases, subjective testimony is very important, with results often hinging upon a jury's determination of witness credibility. That is not our case, though. Credibility of the witnesses was neither as vital as the jury verdict indicated

30. If the jury during the new trial does find that only a few parts were packaged in Altran plastic bags, they could take that into account in calculating damages.

nor as significant as Altran would have us believe it should be. Instead, more attention should have been focused on the objective evidence presented by Ford, very little of which was rebutted by Altran. To avoid substantial injustice, we believe that a new trial is necessary on all of Ford's copyright and trademark claims.

VI.

For all of the above reasons, we will affirm the district court's order dismissing Altran's RICO counterclaim and Ford's motion for Rule 11 sanctions. Similarly, we will vacate both the judgment against Ford on its copyright and trademark claims and the order denying Ford's motion for a new trial, and direct the district court to grant Ford a new trial on those claims. The appeals at Nos. 90-5225 and 90-5256 will be dismissed. Each side to bear its own costs.

A True Copy:
Teste:

Clerk of the United States Court of Appeals
for the Third Circuit

(A.O. U.S. Courts. G.M.C. Printing, Phila., Pa. 215-568-4264)

APPENDIX B

United States Court of Appeals

FOR THE THIRD CIRCUIT

Nos. 90-5225, 90-5236, 90-5348 and 90-5363

FORD MOTOR COMPANY
Appellant & Cross-Appellee

-vs-

SUMMIT MOTOR PRODUCTS, INC.,
a corporation;
ALTO PRODUCTS CORPORATION,
a corporation
SANFORD LANDA, an individual;
DOROTHY LANDA, an individual;
TENSION ENVELOPE CORPORATION,
a corporation;
ALTRAN CORPORATION, a corporation
and ACME CORPORATION, INC.,
a corporation
ALTRAN CORPORATION,
Appellee & Cross-Appellant

SUR PETITION FOR REHEARING

Before: SLOVITER, *Chief Judge;*
BECKER, STAPLETON, MANSMANN, GREENBERG,
HUTCHINSON, SCIRICA, COWEN, NYGAARD,
AI ITO and GARTH*, *Circuit Judges*

---

* As to panel rehearing.

The petition for rehearing filed by appellee/cross appellant Altran Corporation in the above-entitled case having been submitted to the judges who participated in the decision of this court and to all the other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the circuit judges of the circuit in regular active service not having voted for rehearing by the court in banc, the petition for rehearing is denied.

Judge Becker and Judge Hutchinson would have granted rehearing in banc.

By the Court,

_____

Circuit Judge

DATED: 5/13/91

APPENDIX C

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY

CIVIL NO. 84-1978

FORD MOTOR COMPANY,
a corporation,
Plaintiff,

SUMMIT MOTOR PRODUCTS,
et al.,
Defendants.

TRANSCRIPT OF
PROCEEDINGS

Newark, New Jersey
March 26, 1990

BEFORE:

THE HONORABLE NICHOLAS H. POLITAN,
U.S.D.J.

APPEARANCES:

Hannoch Weisman
By: William J. Heller, Esq.
and David C. Hilliard, Esq.

For Ford Motor Company

Lowenstein, Sandler, Kohl, Fisher & Boylan, Esq.,
By: David L. Harris, Esq.
and Steven Feldman, Esq.,
Jonathan Hyman, Esq.

For Altran Corporation.

Pursuant to Section 753 Title 28 United States Code, the following transcript is certified to be an accurate record as taken stenographically in the above-entitled proceedings.

_____

Official Court Reporter

THE CLERK: Ford Motor Company versus Summit Auto Products. Civil Action No. 84-1978.

Please come forward and note your appearances.

MR. HILLIARD: Good afternoon, your Honor. David Hilliard and Bill Heller for Ford Motor Company.

MR. HARRIS: David Harris on behalf of Altran Corporation with Steve Feldman and Jonathan Hyman.

THE COURT: Where is Kenneth Feldman today?

MR. FELDMAN: Kenneth Feldman is back at the office doing research on a point.

THE COURT: Not on this case again?

MR. FELDMAN: No.

THE COURT: Go ahead.

MR. HILLIARD: Your Honor, we have filed with you a motion for a new trial. Our grounds are that the admissions that had been made by the other side mandate a new trial. They've admitted that Altran was the source of the goods, both of the plastic — that was admitted by Schlanger and it was corroborated by Mr. Landa.

With regard to Transgo, Mr. Kimmelman and Eva Pinay — they all agreed that the source at one point in this transaction was Altran.

Secondly, the sales in the '80's. It is undenied — it is uncontroverted by Mr. Landa and Mr. Morales and the seizure that these goods were sold by Summit during the '80's in plastic bags supplied by Altran.

With regard to Transgo, there are invoices —

THE COURT: Hold Transgo for a minute. Let's talk about the plastic.

Wasn't there testimony in the case — I don't suggest to you that you adopt it as the testimony you think is the most

favorable in the case. But wasn't their testimony in the case by — the gentlemen who owns this Altran Corporation, Mr. —

MR. HELLER: Schlanger.

MR. HILLIARD: Schlanger.

THE COURT: — Schlanger. Didn't he testify in the case that the only plastic bags that he had were those which he purchased at a closeout of an old company that he was associated with and that he sent these plastic bags to Mr. Landa and to the Summit Corporation on a one-time basis — he says a one-time basis and that he never manufactured them; that is how he got them; that is how they got into the possession of Summit?

If there is such testimony in the case, Mr. Hilliard, notwithstanding the fact that you had testimony on the other side to the effect that there was some continuity of sales during the period, if you would, during the period of time, taking your testimony at best, isn't that peculiarly an issue for the jury to decide and, therefore, make a determination that they believed Mr. Schlanger and they believed his story?

Whether you believe it or not — obviously, you don't because you're representing the other side. But the point is, the jury had two stories and could have believed one, as one of the possibilities under which this jury's verdict is sustainable on this issue.

MR. HILLIARD: Mr. Schanger's testimony as to liability is enough. What he was essentially was saying, he was an innocent participant. He did make the distribution, for the liability end of the act and trademark is enough. He turned it over. The date on the rolls was July of '79.

So he said: Well, it must have been right after that that he turned it over. Nevertheless, he did turn it over and that set the thing in motion.

So that is the difficulty with regard to there being any conflict in the testimony. His testimony is enough for liability. Later, your Honor might come to an issue with regard to the damages. Whether the damages — whether it might affect the damages but not as to liability.

THE COURT: What about the other things? Transgo. The Transgo packs. The second part.

MR. HILLIARD: Transgo. There is no question with Transgo. We have invoices. We have the testimony of Mr. Kimmelman.

He testified in 1988 that four, five or six years earlier, they had been buying these.

Mr. Younger, himself, testified following the seizure in this case he received a phone call from Altran that said don't ship them any more because of the case that was going on.

So there is no question that they were in that transaction at the time and, indeed, the records were complete with regard to the Transgo aspects of it.

As to the liability following after that, identical. The packaging is identical. The goods are the same or closely similar, that were being done.

Your Honor has been provided more than you need to say, I'm sure, with the plastic bagging. Side by side, the blue put out by Ford and the blue put out — supplied by Altran.

Also, with regard to the Transgo, the blue and also the red, the same, with the speeding car on all of them.

Under the copyright law, there is no likelihood of confusion that is required. The only defense they raise — they raise the defense: Well, there is no proof there were any sales in 1980's. But there was proof in the '80's.

The second was that the copyright was lost by abandonment. But as the evidence went in, your Honor, they didn't do that. It was in the neighborhood of two billion packages that

had been sold by Ford in this packaging with the copyright notice and there were nine price lists and catalogs put in which there wasn't a copyright.

THE COURT: What about the theory that was floating around in the case that there was no copyright notice on the original package that Mr. Younger used or the original poster that Mr. Younger used of the Thomas speeding car — or it could have even been your logo — and that there was no notice on that, and as a result his using the speeding car logo as part of his packaging would not constitute a violation of the Copyright Act?

MR. HILLIARD: Mr. Younger went on to testify he wasn't sure that the Ford speeding car packaging was the same. Not sure if it was the same as the poster. Wasn't sure the poster was ours or not or might have been an Autolight poster in those days which was owned by Ford. Not involved with the printer or anybody else who put this together. No physical evidence whatsoever of this event and, in any event, if it wasn't Ford's — and the testimony of Mr. Schlanger was maybe it was Goodyear's or Goodrich's — then such a misuse — we don't have to have a copyright if there was a misuse back then which was discontinued since.

Not enough for anyone there to say there was copyright loss when all the packaging and policy — and we put on in rebuttal Mr. Isom, who testified as to how that package was developed. There was a photograph. There was physical evidence of this going on in '66 which led to the use of the copyright.

THE COURT: You say all that should not have gone to the jury?

MR. HILLIARD: This testimony was heard.

THE COURT: You're saying these issues should not have gone to the jury. That is, in essence, what you're saying to me.

MR. HILLIARD: No. I say, based on the weight of the evidence, which is the test before your Honor on this motion — the weight of the evidence is overwhelming there was no loss of copyright because of what was a poster, maybe, in the late '60s.

Secondly, even if that was, that went to Transgo but not the plastic. There is no testimony that said the plastic arose out of any poster of anything.

THE COURT: What testimony do you have in the record to say there were any sales of this plastic between 1980 and 1986?

MR. HILLARD: Well, Mr. Landa says — the question was: "That packaging with those parts in it was sold throughout the period '80 to '84 to customers?

"Answer: Yes."

THE COURT: Then Mr. Schlanger gets on the stand and says, "I sent it to him in 1979."

Couldn't the jury believe that?

MR. HILLIARD: But he also said that the packaging he saw here was some of the packaging he sent in '79. That meant the sales continued through the years even if you understand his story.

THE COURT: No. He said he made one shipment. His story, in the purest form, was that there was one shipment made in 1979 from this truckload of materials that he had gotten on a closeout.

That was his testimony, wasn't it?

MR. HILLIARD: His testimony was — you asked:

"The plastic bags we're talking about that you gave to Mr. Landa. How many bags did you give him?

"The Witness: A couple. Two or three rolls."

Your Honor, we pulled out some rolls so he could see them.

The Court says, "What you're saying, the one that you sent to Mr. Landa, they looked like this".

He identified them as — these were the rolls. Those rolls continued to be used and other rolls, we believe, but, nevertheless, on his testimony alone the tie is complete between what was being sold and what he supplied.

He did not deny that he supplied the rolls that were sent.

THE COURT: Let me hear Mr. Harris, or whoever.

MR. HARRIS: Thank you, your Honor.

I think with respect — I think when you evaluate the argument that is made by Ford it is that they are arguing that the Landa testimony that stated, based on the affidavits drafted by Ford's attorneys, that they bought these bags between '80 and '84 and they used these bags in packaging product which were sold between '80 and '84. As if that was uncontroverted.

Well, it was controverted by Landa and Morales, themselves.

When questioned as to whether they had any specific recollection of buying these bags between '80 and '84, they said no. When Mr. Landa checked his records, he couldn't find any reference to having purchased these bags between 1980 and '84, and I had his records back to 1980.

So not only was it Mr. Schlanger's testimony there was one shipment which he gave to Mr. Landa back in 1979, the rolls, themselves, which were introduced by Ford and apparently seized at Summit, still had the dates on them of '75 and '79. And Landa could not corroborate that he had made any purchases between '80 and '84.

So not only was it Mr. Schlanger's story, as it were, but it was corroborated by the physical evidence and the testimonial evidence, itself.

THE COURT: You're saying that the jury found — in other words, you're saying the jury verdict is supportable on the statute of limitations issue?

MR. HARRIS: First of all, I'm saying it is supportable that the jury could have found there was no liability because there was no proof of copying Mr. Schlanger and that the only proof of distribution was by virtue of him taking these in a bankrupt sale and handing them over in 1979.

THE COURT: Having done that, Mr. Harris — having done that, does he not run afoul of the copyright law which says you can't distribute?

Albeit — let's assume he's an innocent distributor for this purpose. He distributed it, didn't he? He, in fact, got on the stand and said: Yes, I sent it to Summit.

MR. HARRIS: He said he distributed bags like that.

THE COURT: That's correct.

MR. HARRIS: Now, what he has to be — what he has to be guilty of, so to speak, is distributing copies of Ford's copyright.

THE COURT: That he does by saying: I gave them bags just like the bags that are sitting here in court. So he's admitted that he's done something which has the Ford logo it.

MR. HARRIS: That doesn't say they're copies of Ford. And there were no sales. There are no sales between '80 and '84.

THE COURT: Then you're back to the statute of limitations.

MR. HARRIS: We're back to the fundamentals of the proof, I think. When Ford argues that the one-time distribution of an item that no one knows is infringing at the time it is distributed and that there was to be distribution to the general public, the distribution to Schlanger is not a distribution to the general public.

There was no intention, according to Schlanger's testimony, that he would distribute it to the general public. And there is no evidence that the bags, themselves, were used in the distribution to the general public except through the testimony of Mr. Bailey. Mr. — it is not Mr. Landa that they rely on for the packaging of Mr. Morales. Mr. Morales said he couldn't remember what decade he saw these goods packaged in these bags.

Mr. Landa said: I really don't know. No one could say when the sealing machine was last used.

Mr. Bailey was the linchpin to establish sales between '80 and '84. And Mr. Bailey's testimony was severely, severely impeached, so much so that he could be totally disbelieved.

If you totally disbelief Mr. Bailey, you have no sales. You have no sales. Therefore, you have no infringement. Because you have to distribute it to the public. That is one basis on which the jury could have found no basis for infringement.

Another basis is that when the — to look at the instructions that the Court gave to the jury, your Honor described that the copyright owner — the requirements in order to have a valid copyright — one of them was that the copyright owner complied with all of the requirements of the copyright law.

Immediately after your Honor states that, you state that, "Now, one of the requirements is that they have to place a copyright notice on all of the copies distributed to the public." So the jury — your Honor, that was placed in the context of ownership of the copyright.

Now, if even — even though the jury verdict form listed the forfeiture question second, your Honor instructed the jury that when they reached their verdict, then they should go to the verdict form. But the instructions, themselves, gave the forfeiture language as one of the elements of ownership. And if they found that Ford lacked in one of those elements, they had to go no futher, according to the instructions. There is a second basis for the jury to find — to sustain the verdict on the copyright.

With respect to the Transgo issues. The Transgo question becomes — Ford's argument basically is don't believe Gil Younger. Gil Younger testifies under oath he got this from a Mickey Thompson poster which was printed some time between '59 and '61 and was hanging on his wall for about six years before he decided to use it.

He said with his partner together they went over the poster to make sure there were not copyrights on it. That having been the case, that is the source of his packaging.

Now, Ford's whole argument is the jury shouldn't have believed that. That is too bad. That was peculiarly —peculiarly — as your Honor put it, the credibility of witnesses is peculiarly within the province of the jury. Just as the credibility of Mr. Bailey was peculiarly within the province of the jury.

THE COURT: I'm satisfied. I won't disturb the jury verdict in this matter. I'll let it stand. It was a good case. Heartily fought by very good adversaries. I enjoyed sitting here for whoever long it was. The jury verdict was the jury verdict.

MR. HARRIS: Thank you, your Honor.

THE COURT: I'm signing an order to that effect.

APPENDIX D

OPINION

RE: FORD v. SUMMIT

CIVIL ACTION NO. 84-1978

This matter comes before the Court on plaintiff Ford Motor Company's (Ford) motion to dismiss defendant, Altran Corporation's (Altran) amended counterclaim, pursuant to Fed. R. Civ. P. 12(b)(6). For the reasons outlined herein, the motion is granted.

This action began in May 1984, when plaintiff, Ford, filed suit against various defendants for trademark and copyright counterfeiting and infringement, unfair competition, and racketeering. On February 22, 1988 defendant, Altran, filed a counterclaim alleging, inter alia, that Ford had committed numerous violations of the Racketeer Influenced and Corrupt Organization Act (RICO), 18 U.S.C. §§1961, *et. seq.* In response, Ford filed a motion to dismiss the counterclaim. Altran was then granted leave to amend and expand its original RICO counterclaim. Ford now renews its motion to dismiss the counterclaim, as amended, for failure to state a claim upon which relief can be granted. *See* Fed. R. Civ. P. 12(b)(6).

In the early 1960's, Ford acquired some of the assets of the Electric Autolite Company, including a spark-plug manufacturing plant and the AUTOLITE tradename and trademark. Shortly thereafter, the Department of Justice filed an action to divest Ford of the AUTOLITE assets to correct the alleged anticompetitive effect the acquisition would have on sales in the automobile aftermarket replacement parts industry.

In 1968, the United States District Court, Eastern District of Michigan, found that the acquisition of the AUTOLITE assets violated Section 7 of the Clayton Act, *as amended* 15 U.S.C. §18. *See United States v. Ford Motor Co.*, 286 F. Supp. 407, 445 (E.D. Mich. 1968). The court ruled that Ford would be required to divest itself of the AUTOLITE assets, including a spark-plug manufacturing plant and the AUTOLITE tradename and trademark. *See United States v. Motor Co.*, 315 F. Supp. 372, 376-79 (E.D. Mich. 1970). A final injunctive decree ordering divestiture was entered on December 18, 1970. *United States v. Ford Motor Company*, 1971 Trade Cas. (CCH) ¶ 73,445 (E.D. Mich. 1970), *modified*, 1983-1 Trade Cas. (CCH) ¶ 65,436 (E.D. Mich. 1974). The portion of that decree relevant to the instant motion stated:

> Divestiture of Assets
>
> No later than eighteen (18) months after this Judgment is not subject to further appeal, Ford shall divest itself of all of its interest in the tradename and trademark "Autolite" and all of its facilities in the United States for the production of automotive batteries and spark plugs except a battery plant located at Shreveport, Louisiana. Said production facilities shall be divested in going, viable and operating condition. The assets to be divested shall include the tradename and trademark "Autolite" and the spark plug and battery production facilities which were acquired from The Electric Autolite Company by Ford in 1961, and all improvements, betterments, replacements and additions made thereto by Ford since such acquisition up to the data of divestiture.
>
> Divestiture of the facilities for the production of automotive batteries may be made separately but in any event, the tradename and trademark "Autolite" and the facilities for the production of spark plugs

(hereinafter referred to an Autolite assets) shall be disposed of as a unit.

1971 Trade Cas. (CCH) at 89,843 (E.D. Mich. 1970).

In August 1973, Ford contracted for the sale of the AUTOLITE assets with the Bendix Corporation. The sales agreement, with its schedule of trademarks to be assigned and the proposed supply contract required by the court's divestiture decree, was submitted to and approved by the Justice Department in October 1973.

In its counterclaim, defendant alleges that Ford developed and executed a massive scheme to defraud the public, the Justice Department and the courts after it became apparent that Ford would be divested of the AUTOLITE assets. To retain the customer loyalty and identification of the AUTOLITE trademark, Altran argues that Ford developed the "speeding car" and incorporated it into the AUTOLITE trademark prior to divestiture. These two symbols were then marketed as a single trademark which identified the aftermarket replacement parts manufactured by AUTOLITE. Through extensive advertising campaigns, it in alleged that Ford securely tied the "speeding car" to AUTOLITE replacement parts. Ford does not deny that this was their marketing strategy but contends that there was nothing improper or illegal about their actions.

During the divestiture proceedings, Altran alleges Ford successfully concealed from the Court and the Justice Department the use of the "speeding car" as an addition to the AUTOLITE trademark. This fraudulent concealment enabled Ford to retain the 'speeding car', mark in violation of the divestiture order. Defendant further states that between 1977 and the present, Ford wrongfully instituted numerous lawsuits against companies in the aftermarket parts industry claiming an infringement of the "speeding car", MOTORCRAFT and Ford oval for parts trademarks.

The basis for Altran's counterclaim is that Ford has no ownership rights in the "speeding car", MOTORCRAFT, and the Ford oval for parts trademarks because these marks became "improvements, betterments, replacements [or] additions" to the AUTOLITE trademark, and thus, were included in the divestiture order of December 1970. Altran further alleges that Ford implemented a massive fraudulent scheme to conceal use of these marks from the Justice Department and wrongfully enforced ownership rights against other companies in the aftermarket industry. Defendant claims that this conduct constitutes a pattern of racketeering activity in violation of the RICO statute, 18 U.S.C. §§1961, *et seq.*

In response, Ford states that these are preposterous allegations without any base in fact or law. Ford argues that the final injunctive decree made no reference to the disputed three trademarks and that Ford properly retained all ownership of those marks. Therefore, Ford is entitled to assert its ownership rights and recover damages for any past infringement on defendant's part and enjoin defendant from any future infringement.

Initially, defendant challenges the timeliness of plaintiff's motion to dismiss, citing Fed. R. Civ. P. 15(a). Defendant states that the motion was filed a month later than is permitted by that Rule. Fed. R. Civ. P. 15(a) party shall respond to an amended pleading within 10 days after service. Defendants position, however, fails to recognize the prior ruling of this Court which expressly allowed plaintiff's motion to dismiss the original counterclaim. Because defendant ended the original counterclaim prior to a decision by this court, plaintiff's original motion to dismiss became moot. It is only fair that this Court now give the same opportunity to challenge defendant's amended counterclaim as was previously extended. Therefore, plaintiff's renewed motion to dismiss will be entertained and the Court will proceed to the merits of defendant's claims.

In order to adopt defendant's argument, this Court would have to read into the consent decree that which is not there. Such an expansive interpretation is tantamount to a modification. It is well settled that only the court which issues a consent decree has the power to modify its terms. *See United States v. Swift*, 286 U.S. 106 (1932); *United States v. Oregon*, 769 F.2d 1410, 1416 (9th Cir. 1985); *Booker v. Special School District*, 595 F.2d 347, 352-53 (8th Cir. 1978), *cert. denied*, 443 U.S. 915 (1979); 11 C. Wright & A. Miller, *Federal Practice and Procedure*, §2961 at 611 (1973). In the instant case, the United States District Court for the Eastern District of Michigan issued the final judgment and provided that only parties to the original antitrust action had standing to seek its modification. 1971 Trade Cas. (CCH) §XV at 89,845.

In general, only an immediate party to an anti-trust decree may seek modification or enforcement of its terms. *See Blue Chip Stamps v. Manor Drug Stores*, 421 U.S. 723, 750 (1975) (citations omitted); *United States v. American Society of Composers, Authors and Publishers*, 341 F.2d 1003, 1008 (2d Cir.), *cert. denied*, 382 U.S. 877 (1965); *see also United States v. Western Electric Co.*, 1969 Trade Cas. (CCH) ¶ 72,415 at 85,280 (D.N.J.), *aff'd sub nom, Clark Walter and Sons, Inc. v. United States*, 392 U.S. 639 (1968). Therefore, the only proper parties to enforce or modify the 1970 judgment would be Ford and the United States. This finding is fully supported by the decree itself, and it expressly provided:

> Jurisdiction of this case is retained by this Court for the purpose of enabling *any of the parties* to apply at any time for such further orders or directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment for the modification of any of the provisions thereof, for the enforcement of compliance therewith, and for the punishment of violations thereof.

1971 Trade Cas. (CCH) I XV at 89,845 (emphasis added).

The cases cited by defendant to support standing to raise the counterclaims are inapposite. In those cases, the petitioner was seeking cancellation of a trademark registration under §14 of the Lanham Trademark Act, 15 U.S.C. §1064. *See Star-Kist Foods, Inc. v. P. J. Rhodes Co.*, 222 U.S.P.Q. 674 (9th Cir. 1984); *International Order of Job's Daughters v. Lindeberg Co.*, 727 F.2d 1087 (Fed. Cir. 1984); *Lipton Industries v. Ralston Purina Co.*, 670 F.2d 1024 (C.C.P.A. 1982); *Jewelers Vigilance v. Ullenberg Corp.*, 2 U.S.P.Q.2d 2021 (Fed. Cir. 1987). Those are not the facts before this Court in the instant litigation. Altran's counterclaims are not based on the Lanham Trademark Act nor does Altran seek cancellation of trademark registrations held by Ford. Clearly then, these cases do not support standing of this defendant to seek interpretation or enforcement of the 1970 divestiture decree.

Even assuming defendant has standing to assert that the 1970 decree divests Ford of its three trademarks, this Court is satisfied that defendant's interpretation of the 1970 decree is erroneous as a matter of law. Injunctive relief must be narrowly construed and is "binding only to the extent [it] contain[s] sufficient description of the prohibited or mandated acts." *Ford v. Kammerer*, 430 F.2d 279, 280 (3d Cir. 1971); *see Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1021-22 (9th Cir. 1985), *cert. denied*, 474 U.S. 1059 (1986). That decree did not expressly name the "speeding car". MOTORCRAFT, or the Ford oval for parts trademarks. Logically, it is difficult to perceive that such an important matter should not be mentioned in the decree itself. Significant divestitures are not left to chance or construction. Only the AUTOLITE mark was divested by the 1970 decree. The language "all improvements, betterments, replacements and additions" cannot be construed with any sense of rationality to include the "speeding car", MOTORCRAFT and the Ford oval trademarks. The intent of the decree is clear on its face and its language does not encompass defendant's postulated concepts.

Moreover, to sustain defendant's counterclaim that Ford does not own the "speeding car", MOTORCRAFT or Ford oval trademarks would require this Court to hold that plaintiff fraudulently concealed these trademarks from the Courts and the Justice Department for eighteen years both before and after the consent decree. Defendant had failed to proffer any concrete evidence that plaintiff did, in fact, act in a fraudulent manner to conceal use of these marks. Instead, defendant repents the bald faced conclusory assertion that Ford developed and executed this scheme and continued to use the trademarks with knowledge that it did not own them. This mere allegation, unsubstantiated by any concrete evidence, is insufficient to raise a material question of fact for a trial. If anything, the evidence presented is overwhelmingly to the contrary. Ford openly advertised the "speeding car" design together with the AUTOLITE trademark since 1969. It simply defies all reason and logic to suggest that Ford fraudulently concealed use of the "speeding car" from the Justice Department during divestiture proceedings, which ended in 1972, in view of this extensive advertising campaign. Even if, as defendant argues, discovery in that proceeding ended in 1966, Ford continued to openly and notoriously use the "speeding car", MOTORCRAFT and Ford oval trademarks after divestiture.

It should be noted that the Justice Department had knowledge of Ford's use of the "speeding car", MOTORCRAFT and Ford oval trademarks as early as 1971. In fact, the chief litigating attorney for the Justice Department in the divestiture suit admits receiving numerous letters from people during the Ford litigation. One such letter specifically refers to the fact that Ford was continuing to promote its products through use of its allegedly divested trademarks. It is obvious to this Court that the Justice Department did not perceive Ford's use of these trademarks as violative of the divestiture order. If it had, enforcement proceedings would have been commenced. This Court can not, nor will it assume that the principal law enforcement agency of the United

States government is so grossly negligent or reckless in conducting its investigation and subsequent enforcement procedures that it sat idly by as Ford sold millions of products bearing the "speeding car", MOTORCRAFT and Ford oval trademarks ever the last eighteen years, in purported violation of the consent decree.

For the foregoing reasons, plaintiff Ford Motor Company's motion to dismiss the defendant's counterclaims is granted.

APPENDIX E

UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Nos. 90-5225, 90-5235,
90-5348 and 90-5363

FORD MOTOR COMPANY a corporation, *Plaintiff/Appellant* *Cross-Appellee* *v.* ALTRAN CORPORATION, a corporation, *Defendant/Appellee* *Cross-Appellant.*	Appeals From The United States District Court For The District of New Jersey Civil Action No. 84-1978 CONFIDENTIAL PURSUANT TO COURT ORDER

DECLARATION OF W. PETER LASHER

W. PETER LASHER declares as follows:

1. I was employed by the Ford Motor Company from 1962 to 1980, a total of 18 years. I have personal knowledge of Ford's policies and practices with respect to the use of the Autolite trademark, and the additions thereto, as a result of my employment in the following positions:

a. From 1962-1966 I was employed by the Autolite Parts Division. I was involved in handling Autolite parts, specifically sales and repackaging parts in Autolite packaging.

b. From 1966-1968 I was Assistant District Manager in the Autolite Parts Division in Los Angeles, where I assisted in implementing a new corporate test program for expanding the distribution system in Autolite parts for the California region.

c. From 1969-1970 I was District Manager for the Jacksonville office, which distributed Autolite parts for the Florida region.

d. From 1971-1972 I was Autolite Merchandising Manager, the national aftermarket merchandising manager in charge of packaging and marketing and advertising parts for Autolite; I developed national distribution, and supply programs for packaging, advertising, and distribution of Autolite parts. I also was in charge of innovative packaging for all levels of distribution, and coordinated the name change activity within marketing from Autolite to Motorcraft.

e. From 1973-1974 I was District Sales Manager for Chicago for Motorcraft parts (after Motorcraft was substituted for Autolite).

f. From 1975-1976 I was District Sales and Service Manager for Motorcraft parts and service in Cincinnati, and responsible for the sale of Motorcraft parts in Ohio, Kentucky and West Virginia.

g. From 1976-1980 I was District Sales and Service Manager for Dallas. I was in charge of all sales, service and distribution activities for all of the Ford and Lincoln Mercury dealers, and warehouse distributors in Texas and Oklahoma.

2. When I joined the company in 1962, the Autolite trademark was being used together with a Star referred to as the Autolite Star, which I learned had been acquired from The Electric Autolite Company. Two additions were subsequently made to the Autolite trademark by Ford. One was referred to as the Shepherd's Crook. The other, which was

added in the late 60's was a design called the Ghosted GT or the GT, and also known as the Autolite symbol. (This symbol was a graphic of a car.)

3. Ford sold two types of parts: "captive" parts such as fenders and doors, i.e. parts that would not normally need replacement during the life of a car, and "competitive" parts such as spark plugs, batteries, etc., i.e. parts that normally need replacement. The sale of competitive parts was one of Ford's most important and most profitable businesses. The highest margin of profit Ford derived was made from the sale of a competitive part. For example, a part that cost Ford about $0.25 would be sold for about $3.00. In addition, while captive parts could be sold only to owners of Ford cars, the market for competitive parts included the owner of all cars in the United States. As a result, Ford's profit from the sale of competitive parts was a significant part of the total profit realized for all of Ford's sales. During 1971 to 1972, for example, when I was responsible for the merchandising of parts under the Autolite trademark, Ford's profits from the sale of competitive parts was of relatively the same magnitude as the sale of cars. Accordingly, the Autolite trademark and logo, including the Autolite symbol of the Ghosted car, under which these large profits were derived, were extremely important to Ford.

4. The merchandising policy that Ford followed and that I continued, as Autolite Merchandising Manager, was to have the Autolite name and the Ghosted GT always used together. Ford would occasionally use the name Autolite alone, but would never use the Autolite symbol, or the GT alone. The GT was a graphic of a car that we believed would show that Autolite was into high performance racing, which in turn would suggest high quality and dependability.

5. The GT design or the Autolite symbol was used exclusively as part of the AUTOLITE logo. Ford executives, including myself, and our customers thought of Autolite and the GT as one symbol. Accordingly, when Ford announced

that the Autolite trademark and other assets would have to be sold as a result of a decree requiring divestiture in *United States v. Ford Motor Company*, I was shocked to learn, at the very same time, that Ford was planning to continue to keep the Autolite symbol (the GT), and make it an addition to the Motorcraft mark.

6. I was informed when I was at Ford that the decree provided for a five-year period in which Ford was required to purchase spark plugs from the purchaser of the AUTOLITE assets. (which was Bendix). The purpose of this requirement, to keep the divested AUTOLITE spark plug plant economically viable after divestiture. During this interim five-year period, Ford was to fill part of its requirements for spark plugs with spark plugs bearing the Autolite name. As a result, when mechanics replaced these spark plugs in Ford cars, they would replace them with the same plugs, *i.e.* Autolite plugs, that were original equipment in these cars. (The experience of Ford and of other companies in the automotive field is that mechanics will automatically replace a spark plug with one of the same brand.)

7. For five years Ford would be installing Autolite plugs in new cars, and in that period, and for another period of years, mechanics would replace those plugs with new Autolite plugs. As a result, the divested plant would have a chance to survive. During this interim period, we would have to use Autolite on our spark plug boxes so that users would understand that there were Autolite plugs inside.

8. This presented risks and concerns to the Ford executives charged with the responsibility of the name change, especially the GT. An evaluation of such concerns is shown in the attached Ford memorandum (Attachment A). I remember this particular memorandum and other similar memorandums, and the marketing meetings that occurred as a result. I attended these meetings with Roy Knipper, "Duke" Rowlands, Jack McGrath, and other members of the parts and

service staff. One of their purposes was to determine how to keep the GT.

9. I remember questioning, at these meetings, how we can keep talking about the GT, when the Court had already come down with the decision that it was divested. I said this discussion was a waste of time. We should be trying to develop new trademarks instead of discussing the GT, which was already gone. I was told that regardless of the Court, we were going to keep the GT. The memorandum discusses the prime concerns in the upcoming divestiture, and rates those concerns on a 1-10 scale of importance. On page 1 of the memorandum, under the heading "Protect/Maintain", the memorandum states "Protect Ford's Exclusive Right to Ghosted GT Logo (10)" and under the heading "Concerns" on page 2, 8e it lists (4th down from top) "Protect Ford's Right to GT logo (10)" (the Autolite symbol), and indicates that this rates a "10".

10. Listed under the column headed IV [IV is described on the bottom of page 1 as "Rebrand Motorcraft *as soon as possible* (assuming the purchaser and Court OK)"] is a footnote to the statement — Protect Ford's Right to GT Logo (10) [Appendix page 9e]. The Footnote states:

> "Assume [Adopt] Motorcraft brand [on spark plugs and boxes instead of Autolite] as soon as possible will discourage the purchaser [of the divested Autolite assets] from assuming the FPD [Ford Parts Division] purchase of Autolite plugs in GT boxes [with Autolite on the boxes] gives them the 'right' to the logo [Autolite and the GT]. [Brackets added]

11. This statement expresses concern that if the purchaser of the AUTOLITE assets (Bendix) started supplying Ford with Autolite spark plugs in Autolite GT boxes and saw the GT for the first time together with the Autolite mark, it might realize that it was an Autolite symbol, and insist on the transfer of the symbol. However, if it saw the GT symbol together with the Motorcraft brand in the first instance, it could then

lead them to believe that the GT was an addition to Motorcraft and not Autolite, and be discouraged from making this demand.

12. I have been shown the language of the Final Judgment in *U.S. v. Ford*, specifically the clause stating:

> The assets to be divested shall include the tradename and trademark "Autolite" and the spark plug and battery production facilities which were acquired from The Electric Autolite Company by Ford in 1961, and all improvements, betterments, replacements and additions made thereto by Ford since such acquisition up to the date of divestiture.

13. Since the GT was an addition that Ford had made to the Autolite trademark. If I had to write language describing the GT, I could think of no better description than the language in the Final Judgment, i.e. as an addition made by Ford to the Autolite tradename and trademark.

14. I have also been shown the Bendix Ford Agreement in which the Autolite star, and the Shepherd's Crook additions to the Autolite trademark were transferred (Attachment B) [11e]. The Autolite symbol, or GT was the same type of addition to the Autolite trademark, as the Shepherd's Crook, i.e., an addition made by Ford after the acquisition of the Autolite mark. The Shepherd's Crook was transferred, but the GT, the Autolite symbol, was not transferred. The only distinction I can see is that the Shepherd's Crook was not useful to Ford at this point.

15. On page 9 of the Bendix Ford Agreement it states that Ford owns no Autolite copyrights; I have been shown copyright registration Kk 201345 which shows Autolite packaging with the GT in use before divestiture. The statement in the Bendix Ford Agreement, therefore, appears to be false. Disclosure of that copyright registration to Bendix would have disclosed the GT to Bendix.

16. There were two principal reasons for the desire to maintain the Autolite symbol, despite divestiture of the Autolite mark, one immediate and the other long term. The immediate one was that if there was a loss of both the Autolite name and symbol, our new packaging with a new name and symbol would have looked completely different than the old packaging, and Ford and Lincoln Mercury Dealers, and warehouse distributors would have seen our parts as no longer Autolite parts, and they would have returned those packages. This would include packages for all of our important parts, such as competitive spark plugs, batteries, wire cable, etc.[1] The long-term reason was to retain the prestige of Autolite. Autolite was one of the best-known marks in the automotive aftermarket, and if Ford chose an entirely new symbol completely unrelated to Autolite, the parts under that name/symbol might not be accepted in the marketplace.

17. This declaration is made at the request of Altran, and its attorneys for use in the above matter.

18. I declare that the foregoing statement is true to the best of my knowledge, information and belief, and that a willful false statement, or the like will subject me to punishment under the penalty of perjury.

W. Peter Lasher

[1] We were constantly under pressure at that time, from higher management at Ford, to make sure the new packaging looked almost identical to the old packaging, and to do everything to maintain the Autolite symbol (the GT). Ford therefore designed the logo so that if you stand a few feet away from it when Motorcraft was substituted for Autolite, and looked at the GT addition you would see the GT and a word (Motorcraft) written in Autolite typeface, so that the whole logo still appeared to be Autolite.

ATTACHMENT A

Optimum long-term Ford Spark Plug Branding Strategy Following Divestiture

ACHIEVE

— Continued Sales and Marketing Share Growth (10)

— FPD Branding Continuity (8)

— OE Tie — Exclusive to Ford (10)

— ROI Equal or Greater Than Current Levels (8)

— Maximum Utilization of Ad, Promotion and Manpower Efforts (7)

— Worldwide Branding Continuity (5)

— Rapid Customer Brand Awareness (9)

— Minimum Changeover Cost (5)

— Corporate Acceptance of Proposal (Absolute)

PROTECT/Maintain

— Flexibility to reverse Interim Branding Policy Long-Term (7)

— Distribution Loyalty at all levels (9)

— Protect Ford's Exclusive Right To Ghosted GT Logo (10)

AVOID

— Marketplace Brand Confusion (9)

— Encouraging Competition from Supplier (7)

ALTERNATIVE

I. Stay With Autolite Forever

II. Autolite 10 Years, Then Motorcraft

III. Autolite 5 Years, Then Motorcraft

IV. Rebrand Motorcraft *As Soon As Possible* (Assuming the Purchaser and Court OK)

TEST

Concerns	ALTERNATIVES I	II	III	IV
APS: Gain Corporate Acceptance				
Achieve Sales Growth (10)	1	3	10	9
Achieve OE Tie — Exclusive To Ford (10)	1	3	6	10
Protect Ford's Right to GT Logo (10)	1	3	6	10*a/*
Achieve Rapid Brand Awareness (9)	10	1	4	8*b/*
Maintain Distribution Loyalty (9)	1	3	10	9*c/*
Avoid Marketplace Brand Confusion (9)	1	3	6	10
Achieve FPD Brand Continuity (8)	1	3	6	10
Achieve ROI Equal to or Greater (8)	1	4	7	10
Achieve Maximum Utilization of Efforts (7)	1	4	7	10*d/*
Maintain Flexibility to Reverse interim Decision (7)	10	7	4	1
Avoid Encouraging Supplier Competition (7)	−10	2	3	1
Avoid Worldwide Brand Continuity (5)	1	4	7	10
Achieve Minimum Changeover Cost (5)	10	1	3	6
	356	360	659	857

RATIONALE

a) Assume Motorcraft brand as soon as possible will discourage the purchaser from assuming that FPD purchase

of Autolite plugs in GT boxes gives them the "right" to the logo.

b) Assume Autolite brand has "immediate" acceptance, but that Motorcraft as soon as possible is second best since it is rapidly developing on other lines and would provide most preferable alternative or alternatives II, III and IV once it is assumed the Autolite brand is not a consideration.

c) This was very close and could have gone either way, but it was decided loyalty-particularly at the jobber level, may be better after we have developed Motorcraft brand awareness over 5 years (on other products) while capitalizing on the Autolite name on plugs during the first five years.

d) These both involved costs essentially, and it was assumed that by converting to Motorcraft as soon as possible; there will be less cost in dual advertising, competitive sales efforts (with the purchaser), etc. Also after five years ROI will be less since total sales may fall off due to ETS and other technological factors, while the economies of promotion and field sales efforts will have increased.

ATTACHMENT B

French Patent	1,530,256 (corres. U.S. 3,452,235)
German Patent	F54,935 (corres. U.S. 3,407,326) Ia./46c3
Applications	F53,642 (corres. U.S. 3,451,110) Ia./46c3
	F53,118 (corres. U.S. 3,452,235) Ia./46c3
British Patent	1,180,345 (corres. U.S. 3,407,326)
	1,131,868 (corres. U.S. 3,451,110)
	1,114,000 (corres. U.S. 3,452,235)

Part IV: Miscellaneous Patent Rights

Ford has a non-exclusive and assignable license underall Brazilian, Canadian and Venezuelan patents and patent applications relating to spark plugs, parts thereof and processes and equipment for the manufacture, test and adjustment of spark plugs and parts thereof owned by Electric Autolite as of April 12, 1961.

Part V: Trademarks

United States Registration No.	Trademark	Date
110,818	Auto-lite	June 13, 1916
236,679	"AL" and design (abandoned 1967)	Dec. 20, 1927
344,193	AUTO-LITE AL	March 16, 1937
533,184	AUTOLITE	Nov. 7, 1950
615,270	AUTOLITE	Nov. 1, 1955
637,085	AUTOLITE	Nov. 13, 1956
648,915	AUTOLITE	July 23, 1957
649,685	"AL" and design	Aug. 6, 1957
653,030	AL	Oct. 15, 1957

United States Registration No.	Trademark	Date
653,274	"AL" and design (abandoned 1964)	Feb. 11, 1958
665,340	AUTO LITE	Aug. 5, 1958
666,533	"AL" and design	Sept. 2, 1958
702,202	AUTO-LITE	Aug. 2, 1960
857,904	Autolite & Device	Oct. 1, 1968
717,327	The Autolite	June 20,
Applications Outstanding		
98,164	Autolite "Star"	June 8, 1960
98,643	Autolite "Star"	June 6, 1960
105,634	Autolite (abandoned)	Oct. 3,
110,669	Autolite	Dec. 22,

The preceding applications were contested by Daimler-Benz at the time of application, and have not as yet been settled.

Foreign Applications and Registrations

As listed on documents captioned "Trademark AUTO-LITE Worldwide Report" dated April 20, 1973, as previously delivered to Bendix.

Part VI: Litigation

The case of *United States v. Ford Motor Company, et al.*, Civil Action No. 21911, United States District Court, Eastern District of Michigan, Southern Division.

Part VII: Licenses Outstanding

License and Technical Assistance Agreement with Parti-Vazquez Iglesias S.A. of Argentina which will terminate not later than the Closing Date of this Agreement.

License Agreement with Daniel Doyen S.A. of Belgium, dated June 1, 1966.

APPENDIX F
755a
EXHIBIT FR-9B

APPENDIX G

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA, *Plaintiff,* vs. FORD MOTOR COMPANY and THE ELECTRIC AUTOLITE COMPANY, *Defendants.*	Civil Action No. 21911

OBJECTIONS OF DEFENDANT FORD MOTOR COMPANY TO FORM OF PLAINTIFF'S PROPOSED FINAL JUDGMENT

Without waiving its objections to substance, defendant Ford objects to the form of the Final Judgment proposed by plaintiff on September 30, 1970 in each of the following respects:

1. The issues litigated and decided herein were limited to the activities of defendants affecting commerce in the United States and the judgment should be clearly so limited. The judgment also should specifically provide for the spark plugs in and for vehicles and engines imported by Ford, assuring their availability, but making them part of Ford's annual requirements used to determine the number of plugs to be purchased from New Fostoria. The following changes are suggested:

V.

For a period of ten (10) years from the date of divestiture of the Autolite assets, Ford is enjoined from (i) manufacturing spark plugs in the United States and from (ii) importing into the United States spark plugs manufactured by Ford outside of the United States other than, and subject to the provisions of Section VI(A), such spark plugs as have been installed as original equipment on vehicles and engines imported by Ford and spares and replacement spark plugs for such vehicles and engines.

VI.

(A) [Covered at page 3, post]

(B) Other than the spark plugs imported under Section V, Ford shall not use or market in the United States any spark plugs bearing a trade name or trademark owned by or licensed to Ford.

VII.

Insert the words "in the United States" following the words "spark plugs" in line three and following the word "dealers" in line six and in line nine.

XIII.

Insert the words "in the United States" following the word "manufacture" in line five of subparagraph (B), following the word "engaged" in line four of subparagraph (C) and following the word "plant" at the beginning of line six of subparagraph (C).

2. The assets to be divested are specifically delineated in the Court's opinion, to wit the name "Autolite", the spark plug factory located at Fostoria, Ohio and the battery plant located at Owosso, Michigan. They should be so delineated in the judgment, and the period granted in which to secure a

purchaser should run from the date when the judgment becomes final. The following changes are suggested:

IV.

No later than eighteen (18) months after this Final Judgment becomes final, Ford shall divest itself of all of its interest in the trade name and trademark "Autolite", the spark plug factory located at Fostoria, Ohio and the battery plant located at Owosso, Michigan, to wit the name and the spark plug factory and battery plant acquired by Ford from The Electric Autolite Company in 1961 together with the improvements, betterments, replacements and additions to said factory and plant made by Ford to the date of divestiture.

Divestiture of the plant for the production of automotive batteries may be made separately, but in any event, the trade name and trademark "Autolite" and the factory for the production of spark plugs (hereinafter referred to as Autolite assets) shall be disposed of as a unit.

IX.

Ford shall use its best efforts to maintain the assets to be divested until the time of divestiture thereof as going and viable and at standards of operating performance, including personnel, prevailing at the time of entry of this Final Judgment.

3. To the extent that Ford is compelled to purchase spark plugs from New Fostoria, the person acquiring New Fostoria should be compelled to furnish suitable plugs at fair and competitive terms and prices. The following changes are suggested:

VI.

For a period of five (5) years from the date of divestiture of the Autolite assets:

(A) Ford shall purchase from, and the person acquiring the divested Autolite assets shall furnish and sell to Ford, at least one-half of Ford's annual requirements of spark plugs, such spark plugs to be labelled with the "Autolite" name and/or trademark and to conform to Ford's designs, specifications, quality standards and delivery requirements and to be priced fairly and competitively, in the light of (i) the foregoing factors, (ii) the quantities purchased, and (iii) whether intended for use as original equipment or for resale by Ford to dealers, warehouse distributors, jobbers, national accounts or others or for export. For the purpose of this paragraph, Ford's annual requirements shall be the annual total number of spark plugs purchased by Ford for installation as original equipment in the manufacture of vehicles and engines in the United States, all spark plugs imported by Ford under Section V and all spark plugs purchased by Ford for export from the United States and for resale to dealers, warehouse distributors, jobbers, national accounts or others in the United States.

(B) [Covered at page 2, above]

VIII.

Insert the words "the obligations imposed on such person by Section VI and" following the words "carry out" in line three of subparagraph (A).

4. As proposed, the broad language of paragraph X would prohibit sale of the divested assets to all customers and suppliers of Ford merely because indebted to Ford by reason of such relationships. The following change is suggested:

X.

Insert the words "other than as may arise out of a customer or supplier relationship" following the word "otherwise" in line seven.

5. As proposed, the language of paragraph XII requires Ford to exercise a power over its stockholders that Ford does not in fact possess. The following change is suggested:

XII.

Eliminate the words "or stockholders" in line four.

6. As proposed, paragraph XIV fails to provide that the right of inspection accorded is subject to legally recognized privilege on the part of Ford, is to be reasonably exercised and that Ford may have counsel present. The following changes are suggested:

XIV.

(A) Insert the words "subject to any legally recognized privilege" after the word "permitted" in the last line of subparagraph (A). Insert the word "Reasonable" at the beginning of subparagraph (1) and the words "which may have counsel present," following the word "defendant" in the first line of subparagraph (1). Insert the words "Subject to the reasonable convenience of defendant, who have counsel present," at the beginning of subparagraph (2). Insert the word "reasonably" following the words "may be" in the last line of subparagraph (B).

7. The proposed language of paragraph XVI is ambiguous and subject to a construction requiring Ford to pay costs as to issues on which Ford prevailed. The following change is suggested:

XVI.

Defendant Ford shall pay plaintiff's taxable costs herein except as to the issues on which plaintiff did not prevail.

For the convenience of the Court, and to show Ford's suggested changes in context, a retyped form of the plaintiff's proposed Final Judgment is attached.

Respectfully submitted,

WRIGHT TISDALE

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Dated: October 8, 1970

Jerome G. Shapiro,
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Richard B. Darragh,
George E. Brand, Jr.,
Of Counsel

Supreme Court, U.S.
FILED
OCT 15 1991
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(2)

No. 91-273

In The

Supreme Court of the United States

October Term, 1991

ALTRAN CORPORATION,
Petitioner,

v.

FORD MOTOR COMPANY,
Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Third Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED FOR REVIEW

1. Did the Court of Appeals fully consider and correctly decide the purpose and meaning of the 1970 final judgment in *United States v. Ford Motor Company*?

2. Did the Court of Appeals fully consider and correctly grant a new trial, consonant with the Seventh Amendment, when it directed that Ford Motor Company's claims be resubmitted for trial before a new jury?

3. Did the Court of Appeals fully consider and correctly decide that Ford Motor Company's service of Altran Corporation perfected its new trial motion?

RULE 29.1 STATEMENT

The subsidiaries of Ford Motor Company required to be disclosed under Rule 29.1, Sup.Ct.R., are listed in Appendix A.

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RESPONDENT'S BRIEF IN OPPOSITION

ADDITIONAL RULE INVOLVED IN THIS CASE

Rule 65(d), Fed.R.Civ.P.:

> Every order granting an injunction and every restraining order . . . shall be specific in terms; [and] shall describe in reasonable detail, and not by reference to the complaint or other document, the act or acts sought to be restrained. . . .

STATEMENT OF THE CASE

This matter arises in connection with an appeal of a civil action in which respondent, Ford Motor Company ("Ford"), seeks, *inter alia*, to prevent future sales of counterfeit and

spurious Ford packaging for automotive parts by petitioner, Altran Corporation ("Altran").[1]

A. Ford's Automotive Replacement Parts Business

Since at least as early as 1903, Ford continuously has used its world renowned FORD trademark for motor vehicles and their constituent parts and related accessories. *See*, Ford. Tr. Exh. 1(a)-(n).[2] In 1966, Ford authored a unique Speeding Car Design for its automotive parts and accessories packaging, representative specimens of which are depicted below:





[1] In addition to Altran, the following persons were defendants before the trial court, but did not appear before the appellate court in this case: Summit Motor Products, Inc., Alto Products Corporation, Sanford Landa and Dorothy Landa (collectively "the Summit defendants"); Tension Envelope Corporation ("Tension"); and Acme Folding Box Corporation, Inc. ("Acme"). Consent judgments were entered against Acme and the Summit defendants on April 10, 1986 and July 9, 1990, respectively. Cross motions to enforce a settlement agreement are pending as to Tension.

[2] Ford owns numerous United States trademark registrations, including incontestable registrations for its FORD and MOTORCRAFT trademarks for a wide variety of automotive products. 15 U.S.C. §§ 1058 & 1065; Tr. Trans. 2.38-.39; Dk. No. 41, at ¶24. Ford also now owns a United States Trademark Registration for its Ford Speeding Car Design mark (Reg. No. 1,628,837).

Tr. Trans. (2/1/90), at 21-24; *accord,* Ford Tr. Exhs. 5 & 6(a)-(b).[3] In 1967, Ford obtained United States Copyright Registrations Numbers K 81363 and KK 201395 for its Speeding Car Design and its packaging design which incorporates its Speeding Car Design. Tr. Trans., at 2.39-.40; Ford Tr. Exhs. 3(a)-(b) & 4(a)-(b).

From 1967 to 1984, Ford sold in excess of $18.5 billion worth of automotive replacement parts and accessories in the aforesaid packaging and has expended over $118 million in promoting said goods under its trademarks. Tr. Trans., at 2.39-.40, 2.43-.44 & 2.46; Ford Tr. Exhs. 37 & 38.[4] Ford annually sells well in excess of 100 million parts and accessories in packaging bearing the FORD trademark and the Ford Speeding Car Design in either blue or red packaging. Tr. Trans., at 4.16-.17.

B. Ford's Efforts To Protect United States Consumers From Counterfeit Automotive Parts

In the early 1980's, concerned with reports of increasing sales of counterfeit automotive parts, Ford launched an in depth, nationwide investigation of counterfeiting. Tr. Trans., at

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[3] The illustrations depicted at page 4 of Altran's petition are *wholly* unrepresentative of Ford automotive replacement parts packaging. Such illustrations depict packaging only for spark plugs used during the early 1970's. Altran's illustrations do not depict the typical use of the FORD and Oval design trademark in conjunction with the Ford Speeding Car Design mark. *Compare,* Altran Pet., at 4, *with,* Brief of Defendant-Appellee-Cross Appellant Altran Corporation, at 4.

[4] Altran's assertion (Altran Pet., at 14-15) that Ford did not use its Ford Speeding Car Design mark until 1969, made for the first time before this Court, is not supported by the cited material (5 Joint Appendix to the Briefs, at 2155), and is directly contrary to the uncontroverted evidence of record. *Supra; see also,* United States Trademark Registration No. 1,628,837 (date of first use October, 1966).

2.47-.48. Ford's concerns stemmed not only from its resulting lost profits, but also from its findings that the spurious Ford parts reaching United States consumers often were of inferior quality to genuine Ford parts. Tr. Trans., 2.49 & 4.48-.49. As a result of this investigation, Ford initiated law suits and successfully obtained relief against in excess of forty (40) companies and individuals engaged in counterfeiting activities. Tr. Trans., at 2.47-.52.

Ford filed this action on May 21, 1984. On that date, pursuant to a seizure order entered by the Honorable Frederick B. Lacey, U.S.D.J., the United States Marshal seized hundreds of thousands of separate pieces of packaging and packaged automotive parts bearing counterfeit and spurious Ford trademarks and copyrighted design as well as other related materials from Summit Motor Products, Inc. Tr. Trans., at 2.99-.100.[5]

C. Altran's Counterfeiting Activities

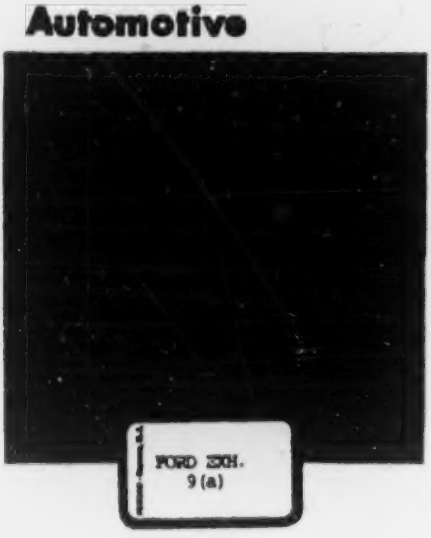
1. Altran Supplied Counterfeit Ford Packaging To the Summit Defendants

On June 6, 1984, within two weeks of the Summit seizure, Ford deposed Summit Motor Products, Inc., by its president, defendant Sanford Landa. Tr. Trans., at 3.28. Mr. Landa

---

[5] Altran's representation that the trial court ordered the return of the automotive parts seized from the Summit defendants "[w]hen it was determined that there were no counterfeit parts" is, at best, disingenuous. Altran Pet., at 6. The trial court did order that parts not bearing Ford marks be returned upon the condition that they be removed from their spurious packaging which remained subject to the seizure order. Dk. No. 67, at 2-3.

identified Altran as its supplier of the spurious and counterfeit Ford plastic packaging such as that depicted below:



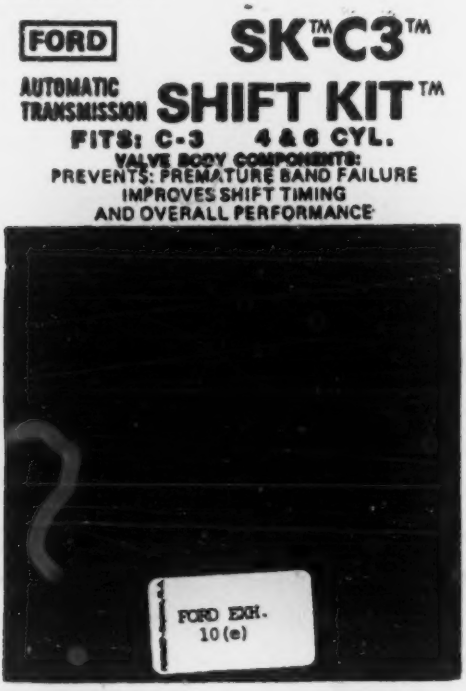
Tr. Trans., at 3.28-.29, 3.34-.35; Ford Tr. Exh. 9(a). More importantly, *Altran unequivocally admitted at trial that it had supplied such packaging to the Summit defendants.* Tr. Trans., at 6.258-.261, 6.264, 6.266 & 6.273-.274; *see also,* Dk. No. 86. In addition, Summit's president testified at trial that the Summit defendants sold parts in the spurious plastic packaging to its customers throughout the period 1980-84. Tr. Trans., at 3.39; Tr. Trans., at 3.30-.31; Ford Tr. Exh. 11.

Uncontroverted evidence at trial established multiple instances of actual confusion among independent dealerships which had returned for credit to Ford parts packaged in packaging bearing spurious and counterfeit Ford trademarks indistinguishable from the packaging Altran admittedly

supplied to the Summit defendants. Tr. Trans., at 3.145-.148 & 4.60-.69; Ford Trial Exhs. 27, 99 & 115; *see,* Altran Pet., at 49a.

2. Altran's Direct Sales Of Automotive Parts Packaged In Counterfeit Ford Packaging

In addition to acting as a packaging supplier, Altran also directly sold and distributed automotive shift kits in packaging bearing the FORD trademark and the Ford Speeding Car Design as depicted below:



Ford Tr. Exh. 10 (e); Tr. Trans., at 6.239, 6.245 & 6.256; *see also* Ford Tr. Exh. 10(a-d); Tr. Trans., at 4.84-85; Ford Tr. Exh. 107. *Altran's president unequivocally admitted that Altran had for years purchased and sold shift kits in such packaging bearing the FORD, as well as the Ford Speeding Car Design, trademarks.* Tr. Trans., at 6.239, 6.245 & 6.256.

D. Disposition Of Ford's Claims By Lower Courts

On February 7, 1990, after a jury trial, the trial court entered judgment against Ford's claims against Altran. 2 Supplemental Appendix to the Briefs, at 216 & 217. On February 22, 1990, Ford filed and served Altran with a motion for new trial on the grounds that the jury's verdict was against the weight of the evidence. Dk. No. 265. Ford's motion was denied by the trial court on March 26, 1990. *See*, Altran Pet., at 1c-11c. On appeal, the Third Circuit found that the trial court had abused its discretion in denying Ford's motion for new trial. Altran Pet., at 26a-52a.

E. Altran's Racketeering Counterclaim

In addition to Ford's claims against Altran, Altran filed a racketeering counterclaim alleging, *inter alia*, that Ford's FORD, MOTORCRAFT and Ford Speeding Car Design marks were divested by the final judgment entered in *United States v. Ford Motor Company*, 286 F.Supp. 407 (E.D.Mich. 1968), *further proceedings at*, 315 F.Supp. 372 (E.D.Mich.), *final judgment at*, 1971 Trade Cas.(CCH) ¶ 73,445 (E.D.Mich. 1970), *aff'd*, 405 U.S. 562 (1972), *modified*, 1983-1 Trade Cas.(CCH) ¶ 65,436 (E.D.Mich. 1974). *See*, 1 Joint Appendix to the Briefs, at 93-191. The trial court granted summary judgment against Altran's counterclaim on October 24, 1988. 1 Joint Appendix to the Briefs, at 191; *see also*, Altran Pet., at 1d-8d. The appellate court affirmed the trial court's grant of summary judgment. Altran Pet., at 10a-22a.

REASONS FOR DENYING THE PETITION

I. The Court of Appeals Fully Considered and Correctly Decided the Purpose and Meaning of the 1970 Final Judgment in *United States v. Ford Motor Company*

A. The Lower Courts' Narrow Construction Of The Final Judgment Was Not "Unwarranted and Unprincipled"

Rule 65(d) of the Federal Rules of Civil Procedure provides in pertinent part:

> Every order granting an injunction and every restraining order . . . shall be specific in terms; [and] shall describe in reasonable detail, and not by reference to the complaint or other documents, the act or acts sought to be restrained. . . .

As this Court has noted:

> [T]he specificity provisions of Rule 65(d) are no mere technical requirements. The Rule was designed to prevent uncertainty and confusion on the part of those faced with injunctive orders, and to avoid the possible founding of a contempt citation on a decree too vague to be understood. *International Longshoremen's Assn. v. Philadelphia Marine Trade Assn.*, 389 U.S. 64, 74-76; 88 S.Ct. 201, 206-208, 19 L.Ed.2d 236 (1967); *Gunn [v. University Committee to End War*, 399 U.S. 383], 388-389 [(1970)]. *See generally* 7 J. Moore, Federal Practice and Procedure ¶ 2955. Since an injunctive order prohibits conduct under threat of judicial punishment, *basic fairness requires that those enjoined receive explicit notice of precisely what conduct is outlawed.*

Schmidt v. Lessard, 414 U.S. 473, 476 (1974) (emphasis added, footnotes omitted); *accord, Granny Goose Foods, Inc. v. Brotherhood of Teamsters & Auto Truck Drivers*, 415 U.S. 423, 444 (1974); *see also, Atiyeh v. Capps*, 449 U.S. 1312, 1317 (1981) (Rehnquist, Circuit Justice).

Numerous decisions of the courts of appeals reflect this Court's above noted concern that the terms and scope of injunctive relief be specified in an explicit and unambiguous fashion. According to the Second Circuit:

> [An enjoined party] may only be held in contempt if it violated a clear and unambiguous order that left no doubt in the minds of those to whom it was addressed. *Hess v. New Jersey Transit Rail Operations, Inc.*, 846 F.2d 114, 116 (2d Cir. 1988). In determining specificity, the party enjoined must be able to ascertain from the four corners of the order precisely what acts are forbidden. *Sanders v. Air Line Pilots Ass'n, Int'l*, 473 F.2d 244, at 247 (2d Cir. 1972).

Drywall Tapers and Pointers, Local 1974, etc. v. Local 530 of Operative Plasterers and Cement Masons Int'l Assoc., 889 F.2d 389, 395 (2nd Cir. 1989), *cert. denied*, ___ *U.S.* ___, *110 S.Ct. 1478 (1990)*. According to the Third Circuit:

> . . . prohibited conduct will not be implied from such orders; that they are binding only to the extent they contain sufficient description of the prohibited or mandated acts. The long-standing, salutary rule in contempt cases is that *ambiguities and omissions in orders redound to the benefit of the person charged with contempt.*

Ford v. Kammerer, 450 F.2d 279, 280 (3rd Cir. 1971) (*per curiam*, emphasis added); *see, NBA Properties, Inc. v. Gold*, 895 F.2d 30, 32 (1st Cir. 1990); *see also, Calvin Klein Cosmetics Corp. v. Parfums de Coeur, Ltd*, 824 F.2d 665, 669 (8th Cir. 1987); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 83-84 (3rd Cir. 1982).[6]

---

[6] Since Rule 65(d), Fed.R.Civ.P., explicitly prohibits reference to matters beyond the face of the order to ascertain the scope of an injunction, all "evidence" beyond the "four-corners" of such order is irrelevant and inadmissible. *See, Narramore v. United States*, 852 F.2d

The 1970 divestiture order in the final judgment in *United States v. Ford Motor Company* provides in part:

> No later than eighteen (18) months after this Judgment is not subject to further appeal, Ford shall divest itself of all of its interest in the tradename and trademark "Autolite" and all of its facilities in the United States for the production of automotive batteries and spark plugs, except a battery plant located in Shreveport, Louisiana. Said production facilities shall be divested in going, viable and operating condition.
>
> The assets to be divested shall include the tradename and trademark "Autolite" and the spark plug and battery production facilities which were acquired from The Electric Autolite Company by Ford in 1961, and all improvements, betterments, replacements and additions made thereto by Ford since such acquisition up to the date of divestiture.
>
> Divesture of the facilities of the production of automotive batteries may be made separately but in any event, the tradename and trademark "Autolite" and the facilities for the production of spark plugs (hereinafter referred to as Autolite assets) shall be disposed of as a unit.

1971 Trade Cas.(CCH) ¶ 73,445, at 89,843. Before the trial court, Altran argued that the language "all improvements, betterments, replacement and additions made thereto" not only applied to the divested production facilities, it also applied to the divested trademark and tradename AUTOLITE.[7]

485, 490 (9th Cir. 1988); *see also, United States v. Reader's Digest Ass'n, Inc.*, 662 F.2d 955, 962 n.5 (3rd Cir. 1981), *citing, United States v. Beatrice Foods Co.*, 493 F.2d 1259, 1264 (8th Cir. 1974), *cert. denied*, 455 U.S. 961 (1975); *but see*, Altran Pet., at 17a.

[7] In its petition, Altran for the first time argues that the relevant language of the final judgment is the "all of its interest" provision contained in the first paragraph of Section IV of the order, rather than the "all improvements, betterments, replacements and additions

Thus, according to Altran, such language divested Ford of all ownership rights in the Ford Speeding Car design mark, the MOTORCRAFT mark (subsequently used by Ford as a replacement for the AUTOLITE mark) and the famous FORD and Oval Design mark. *See, e.g.*, Altran Pet., at 4d; 1 Joint Appendix to the Briefs, at 19-20.[8]

Interpreting the 1970 final judgment, the trial court ruled that the divesture provisions:

> . . . did not expressly name the "speeding car", MOTORCRAFT, or the Ford [O]val for parts trademarks. Logically, it is difficult to perceive that such an important matter should not be mentioned in the decree itself. Significant divestitures are not left to chance or construction. Only the AUTOLITE mark was divested by the 1970 decree. *The language "all improvements, betterments, replacements and additions" cannot be construed with any sense of rationality to include the "speeding car", MOTORCRAFT and the Ford [O]val trademarks. The intent of the decree is clear*

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language" in the following paragraph. *Compare*, Altran Pet., at 18, *with, e.g.*, Brief of Defendant-Appellee-Cross Appellant Altran Corporation, at 4, 10, 17-28 & 30-31. Altran should not now be heard to raise this new "interpretation" of the AUTOLITE final judgment for the first time before this Court. *E.g., City of Springfield, Massachusetts v. Kibbe*, 480 U.S. 257, 259, *rehearing denied*, 481 U.S. 1033 (1987).

[8] Although Altran previously argued that the final judgment divested Ford of not only the Ford Speeding Car Design mark, but also the FORD and MOTORCRAFT marks, it apparently now "limits" its theory to the Ford Speeding Car Design mark. Such a limitation has no basis in language of the final judgment because, to the extent that the Ford Speeding Car Design mark falls within the scope of the order sought by Altran, so also must the FORD trademark. Altran's interpretation, with which Ford obviously disagrees, of a decree that was crafted by the AUTOLITE trial judge in a "thorough and thoughtful way" (405 U.S. at 578), leads to an absurd result.

> *on its face and its language does not encompass defendant's postulated concepts.*

Altran Pet., at 6d (emphasis added).

On appeal, although the Third Circuit did not find the meaning of the language as clear as did the trial court, it too rejected Altran's interpretation of the final judgment, and held, *"[T]here is no clear indication on the face of the order as to the scope of the 'additions' language."* Altran Pet., at 18a-19a (emphasis added).

Thus, two United States courts have interpreted the relevant divesture language and have found that such language is, at best, ambiguous. Since such ambiguity offends the specificity requirements of Rule 65(d), Fed.R.Civ.P., such language could not have divested Ford of the Ford Speeding Car Design mark as a matter of law. Only by going beyond the "four-corners" of the final judgment and finding that the final judgment *implicitly* divested Ford of its trademark rights, can Altran's interpretation be "justified."[9] Such a construction would be, in Altran's own words "unwarranted and unprincipled."[10]

---

[9] The "scope of a consent decree must be discovered within its four corners, and not be reference to what might satisfy the purpose of one of the parties to it." *United States v. Armour & Co.*, 402 U.S. 673, 681-82 (1971). If the purpose of a party to a consent judgment is irrelevant, a non-party's self-serving construction of an injunction crafted in a "thorough and thoughtful way" (405 U.S. at 578), is unworthy of any consideration.

[10] Altran also argues that the lower courts ignored the grammatical structure of the final judgment. Altran Pet., at 19-21. Altran's cases involve rules of *statutory* construction, rather than interpretations of injunctions. It is self-evident that there is greater latitude for imprecision in statutory language than there is for injunctive relief since the violation of injunctive relief subjects the enjoined party to the judicial

B. The Lower Courts' Narrow Construction Does Not Impair The Judiciary's Ability To Provide Broad Remedial Relief

Altran expresses great concern that the lower courts' failure to find that the AUTOLITE final judgment *implicitly* divested Ford of its trademark rights will cripple the broad powers of the United States judiciary to craft remedial relief. *See,* Altran Pet., at 21. However, in determining that Ford should be divested of the AUTOLITE assets, including the AUTOLITE name and mark, the trial court in 1971 thoughtfully observed the inherent limitations of the judiciary (as well as the Government) in crafting remedial relief (315 F.Supp. at 374-75) and explicitly provided that:

> Jurisdiction of this cause is retained by this Court for the purpose of enabling any of the parties *to apply at any time for such further orders or directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment, for the modification of any of the provisions thereof,* for the enforcement of compliance therewith, and for the punishment of violations thereof.

1971 Trade Cas.(CCH) ¶ 73,445, at 89,845 (emphasis added); *see also,* 315 F.Supp. at 380.[11]

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contempt power. *See, Int'l Longshoremen's Ass'n. v. Philadelphia Marine Trade Ass'n.,* 389 U.S. 64, 76 (1967).

[11] Altran's insistence that the lower courts' interpretations of the AUTOLITE divestiture decree must be overturned because they are contrary to the purported intent of the *Government,* as allegedly evidenced by the testimony of a retired government attorney, clearly is mistaken. *See, e.g.,* Altran Pet., at 21-22. The scope of injunctive relief must be ascertainable from within the "four-corners" of the decree and *all* extraneous evidence is irrelevant and inadmissible. *Supra,* at 8-9 & n.6. Even if it were proper to consider some matters beyond the face of the judgment in order to interpret its meaning, only evidence of judicial intent would be admissible because the

Nothing in the decisions in this case either prevents the Government from making appropriate application for judicial determination by the United States District Court For Eastern District of Michigan for such further order as it deems necessary to give effect to the 1970 final judgment, or would prevent such court from granting such relief. Moreover, *nothing* in the opinions below would impair United States courts from crafting broad remedial relief in any other case, including making provisions, *inter alia*, to retain jurisdiction to modify injunctive provisions to meet unforseen or unforeseeable changes in circumstances which undermine the judicial intent underlying the judgment.[12]

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intent of the parties to a judgment is wholly irrelevant to its meaning. *Narramore v. United States*, 852 F.2d 485, 490 (9th Cir. 1988); *United States v. 60.22 Acres of Land*, 638 F.2d 1176, 1177 (9th Cir. 1980), *cert. denied*, 451 U.S. 985 (1981); *see also*, Altran Pet., at 17a & 19a. Finally, the Government was fully aware of Ford's use and retention of the Ford Speeding Car Design mark and it made no objection to such retention. *See*, Altran Pet., at 7d-8d; *see also*, 2 Supplemental Appendix to the Briefs, at 202-11.

[12] Altran argues that there is a "serious question" as to whether the AUTOLITE trial court was aware of Ford's use of the Ford Speeding Car Design mark in conjunction with the AUTOLITE mark because exhibits which originally had contained the design had "black out spaces where the . . . design should have appeared." Altran Pet., at 14, n.2. First, before the trial court in this action, Ford submitted color photocopies of original trial exhibits which conclusively established that evidence of Ford's use of such marks was of record before the trial court in the AUTOLITE litigation. Dk. No. 189 (Shapiro Declaration), ¶ 6 & Exh. C. Prior to filing this petition, Altran *never* had challenged the admissibility of such evidence and it should not be heard to do so for the first time before this Court. Second, Altran improperly now seeks to rely upon "evidence" (i.e., the Appendix to the Briefs from the AUTOLITE litigation) it failed to make of record before the lower courts in this action. Finally, this Court may take judicial notice of the fact that the "black out spaces" are the result of the inherent technical limitations of photocopying

II. The Court of Appeals Fully Considered and Correctly Granted a New Trial, Consonant with the Seventh Amendment, When it Directed that Ford's Claims be Resubmitted for Trial Before a New Jury

A. Appellate Review Of An Order Denying A Motion For New Trial Does Not Violate Altran's Right To A Jury Trial And Does Not Constitute A *Per Se* Violation Of The Seventh Amendment

Altran erroneously argues that any appellate review of an order denying a motion for new trial on weight of the evidence grounds constitutes a *per se* violation of the Seventh Amendment. Altran Pet., at 22. Since the Third Circuit's judgment *merely resubmits Ford's claims to a second jury,* Altran cannot reasonably argue that the appellate court has substituted its own judgment for that of a jury or that it is being denied its right to trial by jury. Furthermore, during the last fifty (50) years, the propriety of reviewing for abuse of discretion an order denying a motion for a new civil trial on the grounds that the verdict is contrary to the weight of the evidence, has been recognized by virtually every United States Court of Appeals. *E.g., Coffran v. Hitchcock Clinic, Inc.,* 683 F.2d 5, 6 (1st Cir.), *cert. denied,* 459 U.S. 1087 (1982); *Thomas v. E.J. Korvette, Inc.,* 476 F.2d 471, 474-75 & n.5 (3rd Cir. 1973); *Lindner v. Durham Hosiery Mills, Inc.,* 761 F.2d 162, 168 (4th Cir. 1985); *Georgia-Pacific Corp. v. United States,* 264 F.2d 161, 166 (5th Cir. 1959) (denial of new trial motion reversed); *Southern Railway Co. v. Miller,* 285 F.2d 202, 205 (6th Cir. 1960); *Exxon Corp. v. Exxene Corp.,* 696 F.2d 544, 551 (7th Cir. 1982) (denial of new trial motion reversed); *Digidyne Corp. v. Data General Corp.,* 734 F.2d 1336, 1347 (9th Cir. 1984), *cert. denied,* 473 U.S. 908,

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equipment in use during the early 1970's, and not the result of some elaborate conspiracy to conceal evidence.

rehearing denied, 484 U.S. 826 (1985); *King v. Southern Pacific Transp. Co.*, 855 F.2d 1485, 1491 (10th Cir. 1988); *Banco Nacional de Nicaragua v. Argonaut Insurance Co.*, 681 F.2d 1337, 1342 (11th Cir. 1982); *Eastern Air Lines, Inc. v. Union Trust Co.*, 239 F.2d 25, 30 (D.C.Cir. 1956) (rehearing *en banc* denied), *cert. denied*, 353 U.S. 942 (1957); *New Idea Farm Equipment Corp. v. Sperry Corp.*, 916 F.2d 1561, 1565-66 (Fed.Cir. 1990). By the late 1960's, an appellate court observed that the review of orders granting or denying motions for new trial for abuse of discretion on the basis of weight of the evidence, had become "standard doctrine." *Taylor v. Washington Terminal Co.*, 409 F.2d 145, 147-48 (D.C. Cir.), *cert. denied*, 396 U.S. 835 (1969); *cf., Browning-Ferris Industries of Vermont, Inc. v. Kelco Disposal, Inc.*, 492 U.S. 257, __ & n.25, 109 S.Ct. 2909, 2922 & n.25 (1989) (noting general propriety of appellate review of new trial and remittitur rulings); *Allied Chemical Corp. v. Daiflon, Inc.*, 449 U.S. 33, 36 (1980) (*per curiam*) (noting availability of appellate review of orders granting new trial motion on appeal from final judgment).[13]

Consequently, given that Altran is not being denied its right to a second jury trial, appellate review of orders denying motions for new trials on weight of the evidence grounds is appropriate to determine if an abuse of judicial discretion has

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[13] There also is significant academic support favoring the propriety of appellate review for abuse of discretion of a trial court's denial of a new trial motion on weight of the evidence grounds. Stephens, "Controlling the Civil Jury: Towards a Functional Model of Justification," 76 *Ky.L.J.* 81, 130-31 (1988); Carrington, "The Power of The District Judges And The Responsibility of Court of Appeals," 3 *Ga.L.Rev.* 507, 524-25 (1969); *cf.*, Schnapper, "Judges Against Juries—Appellate Review of Federal Civil Jury Verdicts," 1989 *Wis.L.Rev.* 237, 312-13 (1989) (grant of new trial on appeal preferable to awarding judgment n.o.v.).

occurred. Thus, Altran's argument is without merit and the issues are not important enough to warrant review.

B. The Appellate Court's "Highly Deferential" Review In The Present Case Does Not Offend The Seventh Amendment

Altran further erroneously argues that even if appellate review of an order denying a new trial motion is not a *per se* violation of the Seventh Amendment, that the appellate court's review in this action was impermissibly undeferential to the trial court's ruling. *See*, Altran Pet., at 23-24. Far from engaging in a "freewheeling reweighing of the evidence" (Altran Pet., at 23), the Third Circuit employed a "highly deferential" standard of review. More specifically, the Third Circuit ruled that:

> . . . denials [of new trial motions] are improper only if "the record is critically deficient of that minimum quantity of evidence from which a jury might reasonably [decline to] afford relief." *Wagner v. Firestone Tire & Rubber Co.*, 890 F.2d 652, 656 (3d Cir. 1989) (citation omitted). Our duty "is to uphold the jury's award if there exists a reasonable basis to do so." *Motter v. Everest & Jennings, Inc.*, 883 F.2d 1223, 1230 (3d Cir. 1989). This scope of review has been described as "highly deferential." *Id.* at 1229.

Altran Pet., a 26a-27a. Thus, the Third Circuit standard of review is, if anything, among the most restrictive employed by any of the circuits. *See, supra*, at 15-16; *see generally*, Childress, "A Standards of Review Primer: Federal Civil Appeals," 125 F.R.D. 319, 345 (1989).[14]

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[14] Altran further erroneously argues that because Ford did not move for a directed verdict, it was not entitled to move for a new trial on weight of the evidence grounds. *See*, Altran Pet., at 26-27. It is well established, however, that a motion for a directed verdict is not a prerequisite to moving for a new trial. *E.g., Exxon Corp. v. Exxene Corp.*, 696 F.2d 544, 551 (7th Cir. 1982); *Georgia-Pacific Corp. v. United*

III. The Court of Appeals Fully Considered and Correctly Decided that Ford's Service of Altran Perfected its New Trial Motion

A. Ford Properly Served The Only Real Party In Interest To Its New Trial Motion

Ford filed and served Altran with its motion for new trial on February 22, 1990, within ten days of the entry of judgment against Ford and in favor of Altran. *See,* Altran Pet., at 27; Rule 59(b), Fed.R.Civ.P. Ford did not serve the other named parties because of their previous agreement prior to trial to accept consent judgments providing monetary and injunctive relief against them and in favor of Ford. These defendants were neither parties to, nor bound by, the results of the jury trial of Ford's claims against Altran.

By proceeding to trial only on Ford's claims against Altran, and not those against the remaining defendants, the trial court effectively bifurcated the original action. *See, e.g.,* Tr. Trans., at 3.95-.96 (trial judge observing on the record that *all* defendants except Altran had settled with Ford); *see also,* Rule 42(b), Fed.R.Civ.P. Having agreed to the entry of consent judgments in favor of Ford, the remaining "defendants" had neither a legally cognizable interest in the jury trial, nor in Ford's subsequent motion for new trial. *See, United States v. Armour & Co.,* 402 U.S. 673, 681 (1971) ("[P]arties [to a consent judg-

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States, 264 F.2d 161, 165-66 (5th Cir. 1959). Moreover, Altran's authority is inapposite. *E.g., Jurgens v. McKasy,* 927 F.2d 1552, 1557 (Fed.Cir. 1991) (noting that defendants could challenge any issue for abuse of discretion, such as insufficiency of the evidence, on motion for new trial even after failure to make timely motion for directed verdict); *Smith v. Ferrel,* 852 F.2d 1074, 1075-76 (8th Cir. 1988) (court notes that it may review sufficiency of evidence on its review of order denying motion for new trial notwithstanding plaintiff's failure to move for directed verdict).

ment] waive their right to litigate the issues involved in the case. . . ."); *cf., Karcher v. May,* 484 U.S. 72, 74 (1987) (". . . one who is not a party or has not been treated as a party to a judgment has no right to appeal therefrom."). Service of Ford's new trial motion only upon Altran, therefore, complies with the service requirements of Rule 5, Fed.R.Civ.P. *See,* Rule 1, Fed.R.Civ.P. (The Federal Rules of Civil Procedure ". . . shall be construed to secure the just . . . determination of every action.").

B. Altran Lacks Standing To Raise The Issue Of Service

Having received timely service of Ford's motion, Altran lacks standing to object to the purported lack of timely service of others. Altran Pet., at 8a-9a. In *Rosen v. Dick,* 639 F.2d 82 (2nd Cir. 1980) (rehearing denied), the question of effective service was addressed in the context of the requirement of Rule 38, Fed.R.Civ.P., for service of a jury demand. The plaintiff argued, *inter alia,* that notwithstanding that it had been served properly, the defendant's failure to serve all other parties constituted a waiver of his right to jury trial. 639 F.2d at 88. The appellate court ruled that a party properly served "should not be heard . . . to complain of inadequate notice." 639 F.2d at 90. *See also, Stewart v. County of Sonoma,* 634 F.Supp. 773, 775 (N.D.Cal. 1986) (plaintiff has no standing under Rule 5(a), Fed.R.Civ.P., to object to failure by a defendant to serve offer of judgment on co-defendant).

CONCLUSION

For the aforesaid reasons, Ford prays that this Court deny Altran's Petition For Writ of Certiorari to the United States Court of Appeals for the Third Circuit.

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APPENDIX A

RULE 29.1 LIST OF SUBSIDIARY COMPANIES

Ford Motor Company has no parent corporation. The following is a list of companies in which Ford Motor Company owns a significant (although not necessarily a controlling) interest, but which are not wholly owned by it:

United States of America

American Renaissance Insurance Company
Autolatina America, Inc.
Dearborn Capital Corporation
Fairlane Life Insurance Company
Ford Holdings, Inc.
Jaguar Cars, Inc.
Jaguar Motors, Inc.
Lincoln-Rowe Management
Shoppers Mart, Inc.
The Hertz Corporation

Argentina

Autolatina Argentina S.A. de Ahorro Para Fines Determinados
Invercred Compania Financiera S.A.
Transax Sociedad Anonima, Comercial, Industrial, y Financiera
Volkswagen Inversiones S.A.
Volkswagen Sociedad Anonima de Ahorro Para Fines Determinados

Australia

Australian Road Credit Limited
Foral Service Proprietary, Ltd.
Ford Credit Australia Limited
Ford Credit Australia Wholesale Limited
Ford Motor Company of Australia Limited
Ford Sales Company of Australia Limited

Belgium

Ford Credit N.V.
Ford Motor Company (Belgium) N.V.

Brazil

Apolo - Administradora de Bens S/C Ltda.
Autolatina Brasil, S.A.
Autolatina Distribuidora de Titulos e Valores Mobiliaros Ltda.
Autolatina Financiadora S.A. - Credito, Financiamente e Invest.
Autolatina Leasing S/A - Arrandamente Mercantil
Autolatina Previdencia Privada
Autolatina S.A.
Consorcio Nacional Ford Ltd.
Consorcio Nacional Volkswagen Ltda.
Ford Brasil S.A.
Ford Distribuidora de Productos de Petroleo Ltda.
Fundacao Autolatina
Inter-Locadora S/A
Sociedade Paulista de Aparelhos Domesticos "SPAD" Ltda.
Volkswagen Factoring - Fomento Comercial S/A

Canada

Canadian Road Credit Company
Ford Credit Canada Limited
Ford Motor Company of Canada, Limited
Jaguar Canada Inc.

China (Taiwan)

Ford Enterprise Company Taiwan, Ltd.
Ford Taiwan Services, Limited
Jaguar Cars Taiwan Limited

Denmark

Ford Credit A/S
Ford Motor Company A/S

Finland

Oy Ford Ab
Oy Ford Credit Rahoitus

France

Ford France S.A.

Germany

Jaguar Deutschland GmbH

Holland

Ford Credit B.V.
Ford Nederland B.V.
Stuurgroap Holland B.V.

Italy

Ford Credit S.P.A.
Ford Italiana S.P.A.
Ford Leasing S.P.A.
Ghia S.P.A.
Jaguar Italia S.P.A

Japan

Jaguar Japan KK
Japan Climate Systems Corporation

Mexico

Altec Electronica Chihuahua, S.A. de C.V.

Norway

Ford Motor Norge A.S.

Portugal

Ford Electronica Portuguesa, Ltd.

Singapore

Ford Motor Company Private Limited

Spain

Ford Credit S.A.

Sweden

Ford Credit AB
Ford Motor Company Aktiebolag
Ford Vagnekadegaranti AB

Switzerland

Ford Credit, S.A.
Ford Motor Company (Switzerland) S.A.

United Kingdom

AG Cars Ltd.
Aston Martin (RDP) Limited
Aston Martin Finance Limited
Aston Martin Lagonda Design Limited
Aston Martin Lagonda Limited
Aston Martin Lagonda U.S.A., Inc.
Aston Martin Sales Limited
Automotive Finance Limited
Daimer Transport Vehicles, Ltd.
Ford Automotive Leasing Limited
Ford Motor Company Limited
Ford Personal Import Export Ltd.
Jaguar 1984 Limited
Jaguar Cars Exports Limited
Jaguar Cars Finance Limited
Jaguar Cars Holdings Limited
Jaguar Cars Limited
Jaguar Cars Overseas Holdings Limited
Jaguar Finance Limited
Jaguar Group Limited
Jaguar Holding Limited
Jaguar Insurance Limited
Jaguar International Finance Ltd.
Jaguar Limited
Jaguar Sport Limited
Lagonda Properties Limited
S3 Cars Limited
TC Lavin Limited
The Daimer Company Limited
The Jaguar Collection Limited
The Lancaster Motor Company Limited

Venezuela

Ford Motor Credit S.A.

(3)

No. 91-273

SUPREME COURT, U.S.
FILED
OCT 29 1991
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1991

ALTRAN CORPORATION,

Petitioner,

vs.

FORD MOTOR COMPANY,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

REPLY MEMORANDUM IN SUPPORT

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ALTRAN CORPORATION,

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ON PETITION FOR A WRIT OF CERTIORARI
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REPLY MEMORANDUM IN SUPPORT

I. FORD'S NEW ARGUMENT THAT THE COURTS SHOULD NOT CONSIDER ALL THE RELEVANT LANGUAGE OF A LEGAL DOCUMENT CONTRAVENES ESTABLISHED PRINCIPLES OF CONSTRUCTION

In opposing certiorari, Ford raises a new and unwarranted argument: that the Court should not consider the provision of the Autolite Final Judgment, which directs Ford to divest "all its interest in the tradename and trademark 'AUTOLITE'. . ." Ford reply brief p.10-11 n 7. A longstanding rule of construction, recently emphasized by this Court, requires a Court to look to the entire document to be construed, and to construe the document to avoid ambiguity. "[A] Court should give effect, if possible, to every clause and word of a statute". *Moskal v. U.S.*, ___ U.S. __, 111 S.Ct. 461, 112 L.Ed. 2d 449 (1990), *Chapman v. U.S.*,____ U.S. ___, 111 S.Ct. 1919, 114 L.Ed. 2d 524 (1991), *Fiest Publications, Inc. v. Rural Telephone Services Co., Inc.* __U.S. __, 111 S.Ct. 1282, 113 L.Ed. 2d 358 (1991). The Third Circuit found ambiguity in the Autolite divestiture order when it failed to consider the existence or meaning of the phrase "all its interest". Instead, the court's construction effectively altered the "all" to "some", and

permitted Ford to retain some of its interest in the Autolite trademark: to-wit a protion of that trademark's good will.

Furthermore, the phrase which Ford would exclude from consideration exemplifies the very purpose of the Autolite Final Judgment. As this Court emphasized in its opinion in *United States v. Ford Motor Company*, 405 U.S. 562 (1972), the trial Court's grant of complete divestiture was required and necessary. Complete divestiture would logically include divestiture of all interest in the Autolite trademark as the Final Judgment recites, which necessarily included the Ghosted GT.

Ford supports its narrowing construction by arguing that an injunction should always be construed narrowly. It relies on *Ford v. Kammerer*, 450 F.2d 279, 280 (3rd Cir. 1971), but does not take into consideration the Third Circuit's more recent opinion in *U.S. v. Christie Industries*, 465 F.2d 1002, 1007 (3rd Cir. 1972). In *Christie*, the Third Circuit distinguished *Ford v. Kammerer*, and stated:

> "The language of an injunction must be read in the light of circumstances surrounding its entry: the relief sought by the moving party, the evidence produced at the hearing on the injunction, and the mischief that the injunction seeks to prevent"

U.S. v. Christie Industries better reflects the law, as stated in *Moskal* and its progeny, than does *Ford v. Kammerer* considered in isolation. Nor is Ford's position justified by the other cases it cites. In *Schmidt v. Lessard* and *Atych v. Capps*, the clause in the judgment was excessively vague. In *Granny Goose Foods, Inc. v. Brotherhood of Teamsters & Auto Truck Drivers*, the restraining order had expired, (Ford Opposition Brief p.8).

Other cases cited by Ford consider whether to find the enjoined party in contempt. The principles used in determining contempt do not apply in the instant case. Here Ford is

affirmatively seeking to enforce a claimed property right against Altran and many others, even though it had been divested of that right and does not own it. The District Court's task was simply to determine what the judgment meant, after a full record had been developed. Instead, it misapplied the law, cut off discovery, and dismissed Altran's Complaint pursuant to Civil Rule of Procedure 12(b)(6).

The Court of Appeals acknowledged that the District Court had erred in deciding without further discovery, but went on to determine that the error was harmless. Based on an incomplete record, and misapplying the case law, it proceeded to determine the facts as if it were a District Court considering an application of contempt against Ford[1]. It is this compound legal error by which Ford seeks to continue to circumvent this Court's ruling in *United States v. Ford Motor Company.*

II. IN OPPOSING CERTIORARI FORD HAS AGAIN RELIED ON ERRONEOUS FACTUAL ASSERTIONS THAT MISLED THE COURT OF APPEALS

Ford erroneously claims that its color photo copies of "original trial exhibits" "conclusively established that evidence of Ford's use of such marks was of record before the trial Court in the AUTOLITE litigation" Ford Opposition brief p.14 n.12.

Once it found the Autolite Final Judgment ambiguous, the Third Circuit relied on this representation as the lynchpin of its opinion construing the Final Judgment. The Third Circuit based its narrowing construction of the Final Judgment on Ford's representation that the Autolite Court considered the

[1] After finding the relevant language ambiguous, the Court focused on the issue of the Autolite Court's intent and knowledge of the Ghosted GT. Instead of remanding to the District Court for discovery on this question, the Appellate Court rendered its own factual determination on Judge Freeman's intent and knowledge.

Ghosted GT through this exhibit, and therefore would have specifically mentioned it in the Final Judgment if it intended to divest it (Opinion below p.21a).

The actual exhibits before the trial Court in the Autolite litigation were black and white copies, which contained a black rectangle where the Ghosted GT should have been. They were produced in the Appendix to Ford's appeal to this court of the Autolite decision (see Appendix 1f, listed as p.755a in the Appendix to the Supreme Court in the Autolite case)[2]. Contrary to Ford's claim, if Judge Freeman had somehow taken the time to examine the single exhibit Ford relies on, he would not have seen the Ghosted GT.

The theory that Judge Freeman even saw these documents is rank speculation, which Ford states as if it were an uncontested fact. In order to rebut this speculation Altran respectfully submits the declaration of William McManus, the chief counsel for the Government in *United States v. Ford Motor Company*, who testifies as to his independent recollection regarding this alleged exhibit. (Appendix 1h) Thus, the Third Circuit's ruling on Altran's counterclaim was premised on Ford's apparent fraud on the Court.[3]

Ford's strategy of concealment is consistent. As the Third Circuit noted, in the Bendix agreement where Ford was obligated to reproduce the Ghosted GT, "there is no doubt that

[2] Ford erroneously claims that Altran cannot now challenge the authenticity of this evidence, because it did not do so below. However, the Supreme Court Appendix was not even of record in the trial Court, which had cut off further development of such relevant factual issues.

[3] The power to vacate a ruling which has been obtained by fraud on the Court is inherent in all Courts, see F.R.C.P. 60(b) and advisory note; Wright and Miller, *Federal Practice and Procedure* Section 2870 p. 247-8 (1973). This power has been long used by the Supreme Court when a plaintiff has perpetrated a fraud on an Appellate Court, *Hazel-Atlas Glass Co. v. Hartford Empire Co.*, 322 U.S. 238 (1944).

the GT was blacked out . . .", (Opinion below p.26). In the same agreement where Ford was obligated to list the Ghosted GT in two places that the District Court and the Justice Department relied on, it was omitted[4] (see Appendix 1h paragraph 6). Before the District Court in this case, Ford argued that the Justice Department was aware of the Ghosted GT through an anonymous letter it received about the case. However, in that letter the Ghosted GT was blacked-out (Appendix 1i). Similarly, in its submissions to this Court in the Autolite appeal, Ford presented an exhibit which contained a blacked out Ghosted GT[5].

CONCLUSION

This Court should grant the petition for certiorari and reverse the Court of Appeals judgment, for the reasons outlined in Altran's petition and to prevent Ford from benefiting from its fraud.

[4] See Bendix Agreement, Appendix 11e, 12f. The Appellate Court did not comment on this evidence. However, as aforementioned, the Court was under the mistaken belief that the exhibits Ford submitted to it were representative of what the Autolite trial court saw.

[5] In its Opposition to the Petition for Certiorari, Ford for the first time argues that the state of technology in the 1970's is the cause of the repeated blacking out (Ford Opposition Brief p.14-15 n.12). First, Ford itself reproduced clear copies of the Ghosted GT in the early '70's (for examples see Appendix 1j, A - Copyright registration 1967, B - Photocopy of spark plug box - copied by Ford in early '70's, C - Autolite catalog page from early '70's). Technical limitations cannot account for the solid white rectangle that covers the GT in the Bendix agreement. Finally, no technology was involved in listing copyrights and trademark additions in the Bendix agreements, where Ford listed every other such trademark addition as required, but omitted the Ghosted GT.

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APPENDIX

WILLIAM McMANUS declares as follows:

1. I was the lead litigating attorney for the U.S. Government in *United States v. Ford Motor Company.*

2. After the decision in 1968 the District Court instructed the parties to meet and prepare an order embodying the Court's decision. The Justice Department's position was that the proper remedy was complete divestiture, whereas, Ford wanted to keep the Autolite trademark, the principal asset in the acquisition.

3. After failing to reach agreement the District Court held hearings in January 1970 to determine the relief. The principal issue was whether there was going to be complete divestiture. During those hearings there were numerous witnesses, and exhibits. They were all directed to the question of whether the Autolite assets were to be divested. Ford argued very strongly to keep the AUTOLITE trademark. The Appellate Court has recently stated that the additions to the Autolite trademark were material at the relief hearings. (Opinion p.21) That is incorrect, they were not in issue at the relief hearings. The significance and very existence of the Ghosted GT were not realized by the District Court or the U.S. Government at those hearings.

4. The Appellate Court has apparently focused on a few of the exhibits claimed to have been submitted at those hearings. These exhibits were attached to an affidavit of a Ford lawyer (Exhibit C Opinion p. 21). I have examined these exhibits. The Appellate Court has stated that these exhibits showed vivid pictures of the Ghosted GT, and therefore the District Court must have known of the Ghosted GT. Evidently, the court believed this because the copies recently submitted by Ford were clear color copies. However, to the best of my recollection, the exhibits before the District Court were black and white copies with a black rectangle below the word Autolite

where it now appears the GT should have been.

5. The Appellate Court believed that the black rectangle showed the Ghosted GT. That is in error. A copy of one of those exhibits in the same original condition, as shown to Judge Freeman, is included in the Appendix to the Supreme Court in *U.S. v. Ford* page 755a Exhibit FR-9B. As can be readily seen a black rectangle is present below AUTOLITE, and not a vivid color Ghosted GT design. [When the Appendix was submitted to the Supreme Court the exhibits were checked to make sure they were identical to those used in District Court. If a color exhibit showing the Ghosted GT were used in District Court, a notation would have been made on the copy in the Supreme Court Appendix that it was not the same. No such notation exists.]

6. Ford chose Bendix to be the acquiree of the assets, and forwarded the divestiture agreements to us for approval. I made sure that Ford listed all assets, including trademarks being divested and being retained (Appendix 11e, 12e). Both the Court and the Justice Department relied on those lists. I have learned that the Ghosted GT was omitted from the lists. The Court and I therefore relied on erroneous lists.

7. The above is my opinion and not that of the United States Department of Justice. The above, in my opinion constitutes public information, and does not disclose any confidential or privileged information of the Justice Department.

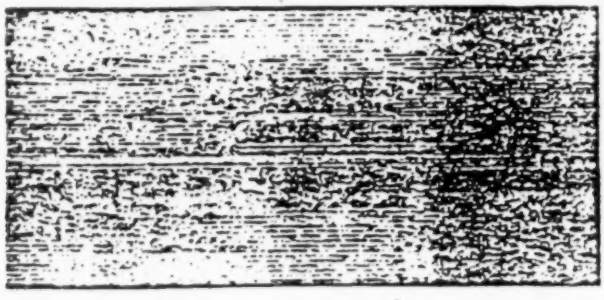
8. I declare that the foregoing is true to the best of my information and belief, and that willful false statements or the like will subject me to punishment.

_____

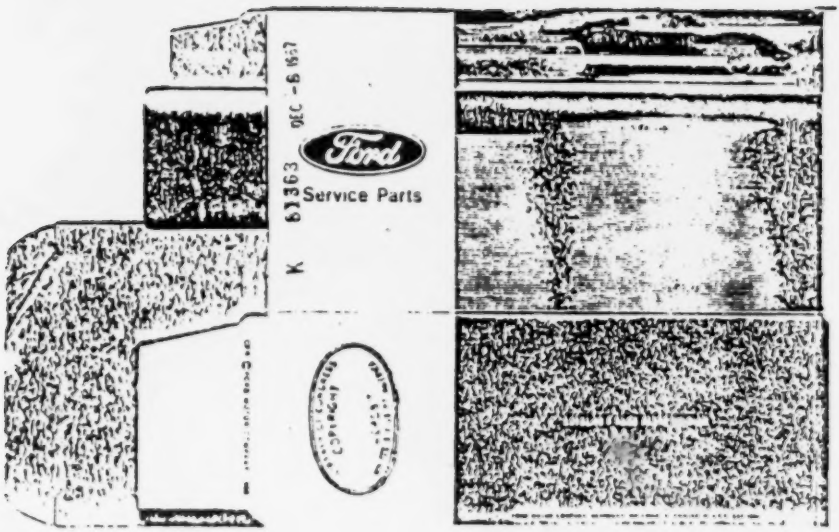
William McManus

See what's new from Ford Marketing Corporation! Please lift here.

Autolite Ford



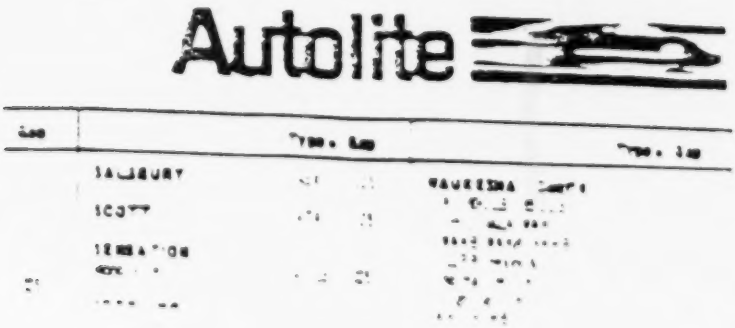
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B



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